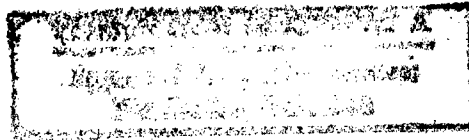


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JPRS 82026

20 October 1982



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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2326



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20 October 1982

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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IMPORTANCE OF 'REVOLUTIONARY INITIATIVES' IN EXECUTING CONSTRUCTION WORK

Tirana RRUGA E PARTISE in Albanian Jun 82 pp 20-27

[Article by Shinasi Dragoti: "Revolutionary Initiatives--A Powerful Support for Fulfilling Tasks in Construction"; passages between slantlines printed in boldface]

[Text] The practice of the building of socialism in our country shows that the revolutionary initiatives, taken by the working class, the members of the cooperatives, and all other workers, have made and are making a great contribution to the execution of the line and directives of the party in the economic field.

Progressive experience, the results of the best elements, and the new tasks and requirements of every stage of the socialist construction of the country are a powerful encouragement and support for the revolutionary initiatives. Therefore, they are the result of the socialist competitions and of the socialist organization of work on new and higher levels--a new conception for further achievements, on the basis of the general interest. In this sense, the revolutionary initiatives are a very meaningful indicator of political and ideological maturity, of high socialist awareness, of the development of their technical-vocational and scientific capacities, and of the sense of responsibility of workers for the guidance of the entire life of the country, and for the better and better assimilation of the art of management of the economy. They are not merely a desire, but the result of a continuing, persistent, and creative work--the result of personal and collective confidence of workers both in their own forces and in their possibilities and unshakeable confidence in the line of the party and in our socialist social system.

Therefore, the party not only has continually encouraged and supported the revolutionary initiatives, but has also been and remains their life-giving inspirer. New horizons with a specific value for action in regard to the concrete implementation of the economic tasks, however difficult they may be, are continually opened for the working class and all other workers by the decisions and guidelines of the party and by Comrade Enver Hoxha's works; therefore, we study them with great attention and interest. Today, a very important source of inspiration is to be found in the historic documents of the Eighth Party Congress, in the report delivered by Comrade Enver Hoxha at this congress, and in the provisions for the Seventh Five-Year Plan (1981-1985) for

the development of the economy and culture of the People's Socialist Republic of Albania, a plan which, for the first time, will be fulfilled completely through our own forces.

As all other workers of the country, the construction workers, too, are tackling their jobs with multiple forces so as to implement the tasks of the Seventh Five-Year Plan. The present results indicate both their determination and the possibilities they have for fulfilling this plan. It is a fact that, based on the pace achieved in construction, we can progress in an average of five times more rapidly than during the 20 year period from 1951 to 1970. In this "marathon," a great role is played by the revolutionary initiatives which have been taken and are being taken by many working collectives in the construction sector, in the construction materials industry, in the various design units, and so forth, under the leadership of the basic party organizations. Such as, for example, the initiatives for the acceleration of construction work on many specific projects and important works, the initiatives for savings, and so forth.

Taking into consideration the great role played by the revolutionary initiatives in the implementation of the objectives set by the party in the field of construction, the time has come for the further reliance on these initiatives and their expansion and amplification to become a permanent method of work for the basic party organizations and for their levers, especially, the government and economic organs, for greater and greater achievements in the implementation of all the tasks assigned by the construction plan for this year and for the entire 5-year plan. It is essential that every initiative must have, at its foundation, the most complete implementation of the party directive that "in investments and constructions, saving time is one of the most decisive factors for reducing investments and uncompleted constructions, for ensuring the fulfillment of the tasks of the production plan, of national revenues, and of accumulation, for strengthening the stability of the market and of monetary circulation, and so forth." (Enver Hoxha, "Report to the Eighth Congress of the Albanian Workers Party," p 44).

The revolutionary initiatives of the working collectives of the construction enterprise of the Koman hydroelectric power station--to utilize two turbines in 1985, instead of one turbine as was the task--have properly taken into consideration this directive of the Eighth Congress of the Albanian Workers Party. To put one turbine in service ahead of the plan means to increase production in the balance-sheet of electric energy of the country of not less than 700,000,000 kilowatts which, if it was exported, would have brought to the economy a revenue of \$20,000,000 in hard currency. This simple calculation very clearly explains the revolutionary content of this directive. Other initiatives have also been taken by this collective for the fulfillment of this objective, such as, the initiatives taken by the transport section of the construction site, of the tunnel construction site No 2, and so forth; but, all these initiatives are a component part and serve the basic initiative --the putting into operation of the second turbine 1 year ahead of schedule of the Seventh Five-Year Plan.

An initiative of this character is that of the construction of the water collector at Paskuqan in Tirana District by the working collective of the land improvement enterprise, a work of particular importance for agriculture, commissioned about 2 years ahead of schedule; it is a work of great profit.

From the experience which we have gained, it appears: first, that, before they are taken, initiatives must become the object of the most serious study and discussion, so that they are based on and reflect the economic essence of the directive in the most concentrated manner; second, in order that an initiative is implemented, it is necessary that it is accompanied by as many other special and supporting initiatives as possible. Such initiatives revitalize the life of the entire working collective, where the main initiative remains on the agenda of every worker and where their creative thought and mobilization in work are continually encouraged. This is the source of the fact that the work schedule in Koman and the economic tasks, in general, are regularly fulfilled without zigzagging.

/Initiatives are revolutionary when they are taken and implemented with self-reliance and with planned material and monetary means./ The fulfillment of all the plan tasks to the very end is a duty, a law for every working collective of every individual; while, to overfulfill them and to improve the effectiveness of investments above the plan is, indeed, a point of honor deserving particular attention.

Experience shows that domestic reserves exist everywhere, in every branch of the economy; therefore, in the construction sector, too; and not only to fulfill the plan tasks which every year are becoming greater, but also to overfulfill them. Such reserves are created by the creative thought of the working class and of other workers, and by their progressive experience, by the improvement of management and organization in work and production, and by the technical and scientific revolution and by other factors. The working collective of the construction enterprise of the Koman hydroelectric power station based itself on these reserves in order to put the second turbine into operation 1 year ahead of the planned schedule, relying on its own forces, mechanisms, and existing transportation means. The work collective of the construction enterprise of the "Steel of the Party" metallurgical combine also relied on the reduction of costs 10 percent above the plan and on the same machines and pieces of equipment, but using them with greater effectiveness, in order to shorten between 7 to 10 percent, the deadlines for construction of the projects earmarked for construction during this year.

The issue is that, when dealing with the taking of initiatives, the effectiveness of every initiative must be clearly indicated and the concrete contribution of the collective or of the individual, who takes the initiative, must also be clearly, using the collective's or the individual's own forces and domestic reserves. We say this because there are cases that, when initiatives are taken, additional manpower, mechanisms, and other means are also requested, or the deadline for the building of a project is shortened and the deadlines for other projects are extended. There is no sound foundation, for example, in the initiative taken by the Durres construction enterprise to complete the complex for the breeding of cattle in April, while it was scheduled for the

end of the year, that is, 8 months ahead of schedule; or to complete the complex for the raising of turkeys in November 1982, while it is scheduled for 1983; or to put into operation the poultry center in the third quarter of this year, while it is scheduled for 1984, in accordance with the 5-year plan; and so forth. And, the worse thing is that these so-called revolutionary initiatives are, sometimes, even propagandized by the press. If, in practice, the need arises to revise the plan and to reduce the planned deadline for the building of one project, because, the general interest of society requires it, this is not prevented by the methodology of planning and can be carried out when it is documented and approved according to relevant nomenclatures. However, it is not right that profitable changes, which can be made in the plan, when the building of a project is progressing, be called as initiatives. Such expanded changes cannot be carried out without making changes, at the same time, in the planning of the material and technical base, of manpower, and of monetary means; therefore, here it is not a matter of utilization of domestic reserves. The issue is quite different if, in these improvements, an initiative which overfulfills the new plan tasks is taken, by finding domestic resources; only here one can speak about revolutionary initiative.

/So that initiatives have complete success, it is essential that they are strongly supported, in due time, by all those who are linked with their fulfillment./

It is known that every directive of the party is valid for all the communists and workers and for all those government and economic organs whose work and activity link them with it. Therefore, it cannot be fully implemented without the mobilization of all and without the coordination of work of everyone. For example, the communists and workers of the Ministry of Energy acted properly when they supported and took measures to complete, ahead of schedule, in accordance with the new schedule for constructions in Koman, the turbine and the complex of its equipment. This support has even further encouraged the construction collective of the hydroelectric power station in its mobilization in work. But, it does not always work in this way; in some cases, serious difficulties are created because of the lack of ensuring on schedule, designs, construction sites, pieces of equipment, technological materials, and so forth. A good example of a sense of duty are the measures taken this year by the different investing organs of Gjirokastra District who, this year, properly executed their obligations toward the district construction enterprise by supplying, on schedule, the technical documentation and the assembly grounds. It is precisely here that one should find the basis for the regular fulfillment of the investments plan of this district. Such an harmonization in work will, certainly, put this distinguished enterprise in a more favorable situation for obtaining even better results in the fulfillment of the plan tasks in all technical, economic and financial indicators. However, in practice, one also encounters narrow-minded concepts. Thus, for example, there are cases, showing that, when one speaks about the reduction of the length of time of construction work, people understand this reduction to be the duty solely of the Ministry of Construction and of designing and building organisms under its jurisdiction, and not also the duty of the investing and supplying organs, according to the plan for the technical-material base and so forth.

Every initiative in construction has its own importance; however, the main point is that all must aim at speeding up constructions, at reducing costs, and at continually improving the quality because, in the very end, the effectiveness of investments is complete when the project is completed and put into operation at the planned capacity. Therefore, of particular importance are the encouragement and coordination of initiatives of all construction organizations, of the construction materials industry, of researchers, of designers, of producers, and of builder, so that all these organisms, according to their specific work, will support, in every field and systematically, every initiative aiming at improving the technical and economic effectiveness of every project.

Positive examples in this direction are the measures which are being adopted for the industrialization of constructions, measures of a great importance for saving work time and for increasing the social productivity of labor. For the development of this progressive work method, the designers and producers of ready-made reinforced concrete parts and the producers of mechanisms suitable for production and for transportation, and for their assembling in the project--are becoming a strong support. Thus, for example, it is a great success that some 90 percent of the horizontal structures for bridges have been standardized and prefabricated and the figure is 60 percent for vertical structures. Institute No 2, which designs them, aims at achieving over 95 and 70 percent respectively at the end of this 5-year plan. Also, 80 percent of the various projects of the "Steel of the Party" metallurgical combine have been built with prefabricated structures. The designers and builders of the land improvement projects have assigned themselves the task that, soon, 80 percent of the works will be assembled with such ready-made parts. This year, the supply of machines and other mechanisms of the construction enterprises has been enlarged with about 500 new pieces; the majority of these pieces have been produced with the forces of the construction sector itself. Great efforts are also being made by the workers of the industries of ceramics, of porcelain, of the production of fine materials, and so forth. Nevertheless, this support is not sufficient compared to the possibilities which have been created. The experience which has been gained and the material conditions which have been created are such that they can make it possible to take such revolutionary initiatives which can lead to technical and economic results comparable to those which are being achieved today by the science of building.

The Eighth Congress of the Albanian Workers Party stressed that, under the conditions of the expansion and intensification of the economy, the principle of the building of socialism completely with our own forces cannot be implemented if the quality of work is not improved and if progressive science and technology are not applied with the required skill and effectiveness. It is important that we must also aim at achieving a new level of effectiveness in the construction sector so that this level will have in its core the historic task of the building of socialism completely with our forces, especially, under the present conditions of the fierce imperialist-revisionist encirclement and blockade against our country.

The tasks of the construction materials industry must also be seen from this vantage point. It is a fact that, under the leadership of the party organizations, the construction materials industry has progressed at rapid rates,

especially, during these past years. Favorable conditions have also been created for this industry so that it will develop and progress with its own forces in cooperation with the other areas of industry in the country. Nevertheless, it does not yet respond, as it should, to the increasing demands of the building economy. Thus, the efforts to produce lightweight materials are few. The possibilities exist for producing in the country more of these new articles which today we are forced to import. The efforts to reduce production costs are also few. However, all these shortcomings become obstacles for the development of the building economy, especially, for increasing labor productivity and for reducing production costs. Therefore, the basic party organizations of this very important branch of our industry must work more and better; they must open up prospects for workers, must mobilize and encourage them to take revolutionary initiatives which further promote the present achievements, and must respond to the requirements of the present stage of the intensive development of construction.

A more effective assistance must be given here, especially, by design institutions. Designers are those who can evaluate more than anyone else the importance and influence of materials both in regard to costs and to the quality and resistance of the projects under construction. It is known that the lighter, the more resistant, and better quality the materials are which are earmarked for the projects which are being designed, the less material will be needed for the construction of a project, the more resistant the project becomes, the less costly it will be, and the quicker it will be built. Under the present conditions, while more than 50 percent of the cost of one project is charged against material expenditures, it is not possible to achieve the required effectiveness in many investments and various construction, set by this 5-year plan, without undertaking a qualitative leap in this field.

Designers, especially, architects and building engineers, in order to conceive, design, and build better and better, less expensive and more beautiful projects, are directly interested in the variety and quality of building materials. Therefore, they must also direct their passion for science and technology toward the development of this industry, speaking out as specialists with greater authority and competency. Thus, some important initiatives have been taken by the workers of the rubber and plastic industry for the experimentation and production of linoleum-type materials for flooring in buildings, shutters for the protection against the sun, and other products valuable in finishing and embellishment works, especially in residential and public buildings. As a matter of fact, the small collective of the communal enterprise for the production of various products and for repairs in Tirana, the NPA No 2, has produced multicolor [plastic] sheets from plastic remnants for flooring and covering of kitchen and bathroom walls with great economic, hygienic and aesthetic profit, according to the proposals of talented artisan Isuf Kastrati. But, these initiatives must be better evaluated and supported by designers, regardless of who takes the initiative to produce them, whether they are workers from the enterprises under the jurisdiction of the Ministry of Construction or workers from other government departments. It is the task of the Ministry of Construction and of all organisms under its jurisdiction not only to support such initiatives, but also to encourage them and to open new horizons for them; they must give concrete, specialized, and comprehensive aid for

complete success in their work; as a matter of fact, they must cooperate with them, if it is necessary, for the organization of their production at the industrial level by setting up special units and workshops.

The Ministry of Construction cannot solve all the increasing needs for construction materials solely with its own forces. It is essential for the Ministry of Construction to be assisted by all branches of the country's industry, especially, the chemical industry which possesses a large field for the utilization of technological remnants, thus, implementing one of the directives of the Eighth Party Congress for the use of the natural resources of the country on a more and more extended and intensified level. The presentation of these problems to the working masses for examination and solution will greatly promote the production of construction materials. The experience gained in the production in the country of more than 95 percent of the spare parts for machines and transport means, for the intensification of the production of consumer goods, and so forth will greatly serve us in this field.

The further perfection of all ordinary work tools for construction and the production of new mechanic and electromechanical tools with our own forces constitute a wide field for revolutionary initiatives with great profit; they increase output and work quality, reduce the deadline for the execution of works, reduce costs, and relieve manual labor. This is a problem of particular importance for the expansion of the mechanization of work processes in construction, especially, small mechanization which should be properly dealt with by the apparatus of the Ministry of Construction, insuring the material base in the form of samples or of technical documentation, so that problems will become as clear as possible and as understandable as possible, eliminating any possibility of spontaneity.

/However, on their part, designers have a great deal of work in order to improve the entire study and design work./ The experience of their work shows how many great and various kinds of reserves as hidden in the entire process of their study and design work, where the technical and economic basic foundation of the project are laid, the issue is that these reserves be correctly utilized by taking true revolutionary initiatives. Such initiatives, taken by some design institutes, for example, the initiative to reduce costs one percent, are general; they do not properly take into consideration the real existing reserves and possibilities and, as such, cannot be considered as revolutionary. The matter of the final design of the dam of the Koman hydroelectric power station which was solved in a more advanced scientific manner is different; this fact made it possible to reduce the complete value of the project by about 100 million leks and to take the initiative to move up the commissioning of the second turbine to 1985 instead of 1986. The initiatives for the industrialization of constructions; they are also of great value which will considerably save work time and will increase yields. There is no limit in taking initiatives. Every initiative, even a small one, is a valuable one; it serves the economy; the issue is: where should the basic party organizations in these organisms and institutions concentrate their attention more? On the study, discussion, and the adoption of initiatives which lead to rich technical and economic balance-sheets, such examples which we have listed above, or on second-rate matters which do not bring qualitative changes in the technical, economic, financial indicators. The value of an initiative is measured according to the possibilities of every producer

or builder; while, in regard to designers, these possibilities are greater in construction.

/The revolutionary initiatives are a strong support for a more and more mobilizing technical and economic planning./ Planning on the basis of advanced indicators is a necessity, a very important principle of our socialist planning of the economy. It is important that more advanced indicators be extracted from the revolutionary initiatives in order to draw the plans for every year, beginning with the 1983 plan. On this basis, the construction, production and planning workers, relying on the creative thought, always in development, will, in the future, draw tasks so as to take even bolder initiatives. Thus, for example, if the stables for livestock this year were built at an average of 50 percent faster than planned, in regard to 1983, they must be planned to be built in accordance with this new deadline-norm; if their cost was an average of 10 percent less, this achievement must serve as a plan for their complete value and, thus, it must be calculated for materials, yields, and other indicators. Such planning is realistic; it was proven by practice and by the experience of the masses; it averts subjective manifestations in planning.

Of course, these norms cannot be mechanically built simply by mathematical means. On the contrary, serious and competently organized studies are needed. To avert any manifestation of voluntarism, they must be single; they must also be differentiated according to the conditions and constructive capacities in this or that district, or in this or that construction enterprise. It happens that some of them can be tested for some time and some others may not change every year according to the desire of one or of another persons. The main point is that the results of initiatives must not be left to spontaneity; on the contrary, they must serve concretely and effectively to fulfill, better and better, the economic tasks in construction.

As all workers of our country, the workers of construction, of planning, and of the construction materials industry, led by the party organizations, are tackling the jobs so as to successfully fulfill the tasks of the Eighth Party Congress. The revolutionary atmosphere created by the development of the proceedings of the Ninth Congress of the Albanian Trade Unions, held in June of this year, and the new reduction of prices of a number of consumer goods articles and of services, are becoming an encouragement for fulfilling and over-fulfilling, one by one, and, in every indicator, all the tasks of this year and to draft a revolutionary plan for 1983, a decisive year for fulfilling the historic tasks assigned by the Seventh Five-Year Plan in the construction field.

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CSO: 2100/34

DEMOGRAPHIC DATA FOR 1970-1980 PUBLISHED

Prague RUDE PRAVO in Czech 19 Aug 82 p 3

[Article by Eng Vladimir Micka, chairman of the Federal Statistical Office:
"Positive Social Development: What Census Results Have Indicated About
Development of Czechoslovak Society, 1970-1980"]

[Text] The social and economic changes which took place in the CSSR during the seventies may be followed and evaluated in part on the basis of the results of the census of people, homes and apartments which was completed by 1 November 1980. The definitive processing of the results of this nationwide project was completed in March of this year.

The census data provides valuable information on the age composition of the population, on its nationality and social structure and economic activity, on population concentrations in cities and villages. This data makes it possible to analyze the socioeconomic position of families and households with regard to the quality of their housing and the extent to which they are equipped with durable goods. The second part of the census results represents data on the size and quality of the available stock of houses and apartments.

The comparability of the data with the results of the 1970 census make it possible to determine what changes have occurred on the development of Czechoslovak society over this 10-year period.

CSSR Population Development

Support for young marriages and for families with children has brought significant results. Because of the implementation of measures to increase population (such as extended maternity leaves, increased allowances for children, loans for the recently married) during the Fifth 5-Year Plan it was possible sharply to increase fertility, which contributed, among other things, to an increase in the total population of the CSSR, which as of 1 November 1980 stood at 15,283,095 (a 6.5 percent increase in comparison with 1970). A more rapid increase in the population of the SSR (10 percent as opposed to 4.9 percent for the CSR) led to an increase in the population of the SSR as a percentage of the total CSSR population from 31.6 percent in 1970 to 32.7 percent in 1980.

The effectiveness of the measures to increase population which were implemented during the seventies is indicated as well by changes in family structure in terms of numbers of dependent children. The basic characteristic of this development has been a strengthening of the trend toward two children per family. On the other hand, the census results have indicated an increase in the percentage of partial families (those in which one of the parents is absent), a negative social phenomenon which reflects the unfavorable development of the CSSR divorce rate.

However, in evaluating CSSR population development from 1970-1980 it must be noted that the effectiveness of measures to increase population and other factors which had a positive influence on fertility reached their peak in 1974. On the contrary, during the Sixth Five-Year Plan, demographic statistics have shown a decline in every year in the number of live births and in natural population increase.

Changes in Age Structure

Measures taken in the area of population policy have also favorably influenced the age structure of the population. Recognition of developments in the age composition of the population are important, on the one hand, for the formulation of long-range goals in labor force planning, and, on the other hand, as one of the foundations for the derivation of long-range plans for apartment construction, the construction of school and preschool facilities, and social service facilities.

Between 1970-1980 in the CSSR the percentage of the population of preproductive age (the 0-14 age group) increased from 23.1 to 24.3 percent, while there was a moderate decline in the percentage of the population of postproductive age (men older than 60 and women older than 55) from 20 percent in 1970 to 19 percent in 1980.

The number of people in the 15-34 age group increased by more than 7 percent, and this increase was approximately a point higher than the increase in total population. From the viewpoint of future population and economic development, however, it is important that within this group, which encompasses a span of 20 years, the 25-35 age group showed rapid growth, while the 15-24 age group declined 13 percent, i.e., 319,000 persons, as a result of low fertility during the 1956-1965 period.

The percentage of young people from 15-34 years old is greater in the cities than in the country, while women are leaving the countryside to a greater extent than men. This fact is clearly connected to the increase in the educational level of young women and with possibilities for them to find work. In the CSSR, 66 percent of the people from 15 to 34 years old live in cities.

Social Composition

The census has made it possible, on the basis of an exhaustive investigation, to capture the social structure of the population. By comparing the results of consecutive censuses it is possible to evaluate developments in the social

structure and changes in the percentages of individual social groups in relation to the overall population. In this way, the results of the census form the numerical basis for a deeper knowledge and more comprehensive analysis of the trends which are becoming dominant in the development of the population at the time of the building of a mature socialist society.

Between 1970-1980, the census results indicate that the percentage of workers increased from 58.2 to 58.6 percent, and that the percentage of wage earners increased from 26.5 to 30 percent. On the other hand, there was a decline in the percentage of the total population in the social groups represented by JZD [Unified Agricultural Cooperative] members, LVD [?Forest Production Cooperatives] members, and independently operating farmers.

The census results express a tendency toward increased numbers of employees and people in the state sector of the national economy, at the expense of the percentages of the population in the cooperative and the private sector (independently operating farmers and others who work independently).

Educational Level

The census results document convincingly that from 1970-1980 there was a substantial increase in the educational level of the population. Solid numbers thus attest to the attention devoted by the highest party and state organs to the systematic increasing of the educational level of the people, as one of the most significant conditions for socioeconomic development at a time when the application of research and development findings in production will stimulate overall economic development in a decisive manner.

The number of people with a full high school education (including graduates of apprenticeship schools with a graduation examination) increased in the 1970-1980 period by more than a third, and the number of people with a college education increased 60.8 percent. This means that the percentage of people older than 15 with a full high school or college education increased in the past decade from 16.6 percent to 22.4 percent.

In comparison with this, the percentage of individuals with only elementary education declined 8.6 points, to the level of 46.9 percent in 1980. However, a differentiation continues to persist in the achieved levels of education for men and women: in 1980, 56.5 percent of the women over 15 were without education or had only elementary education, while only 37.2 percent of the men in the same age group were in this situation.

When analyzing the census results and evaluating changes in educational level, special attention was devoted to the increase in the qualifications and education of the younger generation (15-34 years old).

The increase in the qualifications and education of members of the young generation was evident in a further decline in the percentage of the population in the 15-34 age group whose highest achieved level of schooling was elementary school (from 45 percent to 34 percent), in the increased percentage of young people with professional qualifications and, above all, in the sharp

increase of young people with college education. While in 1970 only 3 percent of the people in this 15-34 age group had a college education, by 1980 this percentage had risen to 5 percent of the total.

The number of women with college-level qualifications has also increased substantially. While in 1970 there were only 418 college educated women for every 1,000 college educated men, in 1980 the number had risen to 546.

Economic Activity

The number of economically active inhabitants, in which were included for census purposes individuals currently not practicing their professions (women on maternity leave, soldiers in basic service, individuals serving sentences, etc.), increased 866,000, or 12.4 percent in comparison with the results of the 1970 census. The percentage of the economically active in relation to the total population increased from 48.7 percent in 1970 to 51.4 percent in 1980. This increase in the level of economic activity was due to the more favorable age structure of the population, an increase in working retirees (in 1970, 15.3 percent of all retirees and noneconomically active individuals with another source of income worked, while in 1980 21.4 percent of this group was working), and the further involvement of housewives in the labor process.

However, if we subtract from the total of economically active individuals women on maternity leave and working retirees, we discover that the percentage of those economically active has remained almost unchanged (44.7 percent in 1980 as opposed to 44.6 percent in 1970), although the number of people in these categories has increased during the period under study by 448,000 individuals.

The number of working retirees in the CSSR increased 237,000. It follows from the census results that individuals entitled to a pension prefer to receive their pension in conjunction with some work activity rather than to remain at work.

The overall trend toward population concentration in urban localities (in which 65.5 percent of the population resided in 1980, as opposed to 55.5 percent in 1970) is also being accompanied by a concentration of the economically active individuals resided in urban localities in 1980, while 58 percent had done so in 1970.

Regarding changes in the sectorial structure of the economically active population, the decade in question has been characterized by an increase in the percentage of the economically active population in the nonproduction sphere, a percentage which increased from 18.9 percent in 1970 to 21.3 percent in 1980. There was an absolute decline of economically active individuals in the CSSR only in the agriculture and forestry sectors. This decline of 82,200 individuals meant that the percentage of the total economically active individuals employed in these sectors declined from 15.9 percent in 1970 to 13.1 percent in 1980. The number of economically active individuals in industry increased 295,000, at the same time that the percentage

of the total economically active population employed in industry declined moderately (from 40 percent in 1970 to 39.4 percent in 1980). There was an increase of 219,000 economically active individuals in the education, culture and health-care sectors, and an increase of 10,000 in the science and research sectors. Employment in the administrative and judicial sectors increased 74,000. It is not without interest that this increase represents 34 percent of the total increase in the number of managerial and administrative employees in the national economy during the decade.

Apartments, Housing Quality, and Household Amenities

The results of the census of people, apartments and houses provide extensive underpinnings for detailed analyses of the condition, movement and composition of the housing stock, the quality of the housing available to the population and the extent to which households are outfitted with durable goods.

From 1970 to 1980, 1,231,000 new apartments were built in the CSSR. Due, however, to the high attrition rate of the housing stock, the number of permanently inhabited apartments increased by only 670,000. In other words, 45.6 percent of the newly constructed housing stock went to replace inferior housing. This means that every second or third newly constructed apartment was designated to replace liquidated housing. The intensive construction of apartments in apartment houses led to a reduction in the percentage of apartments located in family houses from 58.1 percent of the total in 1970 to 49.8 percent in 1980.

According to the census, 79 percent of all very young families had their own apartment in 1980. Nevertheless, the housing situation for young families, especially in the cities, is still not completely satisfactory and is among the factors exerting a negative influence on the number of children per family. One-fifth of all very young families do not have an apartment at their disposal, and one-half of the very young families with children under 15 years of age are in this situation.

The age structure of the housing stock substantially improved between 1970 and 1980. The number of apartments built after 1946 now represents a full three-fifths of the total number of inhabited apartments in the CSSR, and apartments constructed between the last two censuses constitute almost one-third of the permanently inhabited apartments.

The magnitude of recent housing construction has substantially influenced the quality of housing available to the population. While in 1970 more than one-half (51.4 percent) of the available apartments had declined to 26.6 percent of the total by 1980. On the other hand, the percentage of category I apartments increased from 23.7 percent of the total in 1970 to 46.8 percent in 1980. The percentage of permanently inhabited apartments with three or more rooms increased to 44.3 percent (from 30.6 percent in 1970). The number of persons permanently residing in a given apartment declined from a CSSR average of 3.4 in 1970 to 3.1 persons in 1980. Per capita living space available increased between 1970 and 1980 by 2.4 square meters, and now amounts to 14.0 square meters.

There have also been significant changes in the extent to which households are outfitted with durable goods. In 1980, 87.8 percent of apartment households were equipped with a refrigerator (in 1970 this figure had been 61.4 percent) 83.6 percent owned a washing machine (in 1970 only 67.4 percent owned one), and 88.6 percent of all households had a television in comparison with 74.6 percent in 1970. Recreation possibilities for the population increased: 8.6 percent of all households can take regular advantage of recreational possibilities in their own hut or cottage, and every second or third household in the CSSR owns its own passenger car.

The fundamental findings gained by a comparison of the 1970 and 1980 censuses of people, houses and apartments attest to an overall positive social development over this decade, when our entire society, under the leadership of the CPCZ, began to implement gradually the general policy for building a mature socialist society.

The results of the 1980 census of people, house and apartments will not become an "archival document" of statistically determined and processed data, but rather will constitute the foundation for more comprehensive, specialized analyses which will be conducted both by state statistical organs and in central organs and national committees, who have been provided with the 1980 census results. The census findings will be utilized over the long term for planning economic and social policy objectives in the upcoming period in line with the resolutions of the 16th CPCZ Congress. They will be utilized simultaneously by various levels of managerial and administrative organs in the implementation of short-term and prospective measures for the elimination of existing shortcomings and for focusing further harmonious development in the sectors which they manage. In this way, the purpose and the mission of the census will be fulfilled, as a socially most important undertaking organized by the statistical organs.

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CSO: 2400/353

JULY 1982 NATIONAL ECONOMIC RESULTS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 27 Aug 82 p 2

[Commentary by Dr Eng Vaclav Cap, CSc, Federal Office of Statistics: "July 1982"]

[Text] Economic developments in July were characterized by a planned low growth of resources, particularly by fulfillment of production plans in industry, a marked tendency toward improvement of plan fulfillment in construction and overfulfillment of the time plan for procurement of slaughter animals and its nonfulfillment in milk. In agriculture, efforts were directed toward the successful harvesting of grains and other products without loss. However, the shortage of moisture, especially in May, in certain krajs will result in this year not ranking among the productive ones.

Transportation in July was influenced by higher shipments of solid fuels, ore and building materials by rail and, due to increased use of CSAD [Czechoslovak Vehicular Transportation], the plan for shipment of goods by public transportation was exceeded and estimates for transportation of factory goods indicate a downturn. Although July had one fewer working day compared with the same period last year (the number of working days from the beginning of the year was the same), July may be considered satisfactory in the building of resources in regard to the plan in general. It is all the more reason for economic organizations to direct their attention to efficiency and quality in the remaining months of the year. Restoring a faster rate of growth is in fact not possible without highly intensified economies, especially achieving savings in energy, raw materials and supplies.

In industry, the volume of production fell 1.4 percent but average daily production increased 2 percent compared with last July. The level of industrial production since the beginning of the year was 1.1 percent higher and the state plan anticipates an increase of 0.4 percent for this year. Consistent with the plan, preference is being given to developing industrial sectors which are linked with quality changes in the economy as they are chief sources of foreign exchange and also sectors which make the best use of domestic raw materials. Even so, these sectors must seek out and produce the most suitable assortment of goods, products which the national economy needs, which have a high margin of profit and especially are lucrative on the foreign market.

In the meantime, certain indicators of the development of the economy, especially the situation in supplies, show that we should not be fully satisfied with the structure of production. This refers to certain engineering sectors and also a number of enterprises in the other branches of industry. Production in engineering plants increased 0.6 percent in July and contributed to the fact that during the 7 months since the beginning of the year it increased 4 percent compared with the same period last year. The production plan is being met overall in heavy and general engineering as well as in the electrotechnical industry. The wood-processing industry will gradually make up for the deficit in plan fulfillment but in spite of an increase of 2.9 percent in production during the 7 months, it still faces the stiff challenge of attaining an annual planned rate of 5.7 percent. In light industry, from January to July an increase of 2 percent was registered, with the clothing industry contributing 3.2 percent, the printing industry 2.7 percent and the glass, ceramics and porcelain industry 2.3 percent.

Production was limited in branches highly demanding of energy and materials, especially from abroad. In metallurgy, it fell 0.7 percent in the 7 months, in chemistry and petroleum processing it increased 0.6 percent and in the building material industry it fell by 1.2 percent. But except in the case of building materials, the lower growth rate is still smaller than anticipated in the year's plan.

Central management is directing special attention to assuring that the national economy is supplied with fuel and energy and that conditions are set up for future supplies. It is natural that with the given resources from abroad a decisive role is being assigned to the extraction of coal and preparations for future extraction. Conservation in fuel and energy consumption is and will be, besides the development of nuclear energy, a basic contribution to the fuel and energy balance. The plan for extraction of black coal during the 7 months is being met and the deficit in brown coal mining is being overtaken, although strip mining is still lagging.

Industrial enterprises estimate that they will be able to save one-half million tons of coal in 1982. This relative reduction, however, does not meet the plan's objectives and also the growth of production and consumption of electricity indicate that it is necessary to continue and increase efforts everywhere to save every ton of coal and kilowatt hour of electricity.

Industrial enterprises as a whole fulfilled their plans for the 7 months in supplying domestic and foreign trade, capital construction and also related consumers. Comparing the rate of growth with the annual state plan, however, shows that for the remaining months there must be increased deliveries for export of nonsocialist countries and also for the domestic market.

The sales structure of industrial production together with developments in supplies of finished goods indicate that the concept of formulating programs of industrial product assortments has not yet been fully implemented and often there is even no effective adaptation or quick response to requirements of the foreign market and domestic consumers.

In construction, July results point to a gradual improvement in meeting planned goals as prescribed by the presidium of the CPCZ Central Committee with respect to problems of this branch. Average daily production increased 1.5 percent compared with the same period last year and since the beginning of the year the volume of construction work was lower by 5.1 percent (the state plan calls for a reduction of 4.3 percent). There is still, however, a marked differentiation among building enterprises. Local construction lags considerably in plan fulfillment.

Investment operations and deliveries (minus private construction and Action Z) were lower, consistent with the plan, by 2.8 percent or essentially at the planned level. In the structure of capital construction there are still deficiencies, especially in meeting the plan for construction of capacities which are to become operational this year.

The direction of foreign-trade policies--to attain an active balance in exports to nonsocialist countries and intensify the international division of labor--is being consistently held. Price developments have an influence on attained, tempos of growth. In relations with socialist countries, in view of long-term principles of price setting, costs of imports and exports are continuing to rise. Import and export prices in commercial exchanges with nonsocialist countries fell. Exports to socialist countries during the 7 months were higher (in current costs) by 11.4 percent, imports by 9.3 percent, than in the same period last year. Exports to nonsocialist countries rose 0.3 percent and imports were lower by 17.8 percent.

The standard of living is characterized by a gradual rise in personal earnings which approximate the annual planned growth. Thus, the effect of adjustments in retail costs from the end of January are gradually being offset. Retail turnover of the main trade systems increased 3.4 percent in current costs during the 7 months compared with the same period last year. Growth was reflected in foodstuffs while sales of industrial goods remain substantially at the same level. Personal savings further increased and reached Kcs 172.3 billion by the end of July and the money supply increased to Kcs 48.4 billion.

Basic Indicators of National Economy's Development in Increases Over Comparable 1981 Period (in percent)

	<u>July</u>	<u>Jan- July</u>	<u>State Plan¹</u>
Deliveries of the Centrally Administered Industries for:			
--investments at wholesale prices	-	4.7	-5.0
--domestic market			
at wholesale prices	-	-1.1	-0.9
at retail prices	-	-1.8	-1.5
--export to socialist countries			
at wholesale prices	-	6.6	-2.6
at FOB prices	-	9.6	3.6

--export to non-socialist countries			
at wholesale prices	-	4.5	3.4
at FOB prices	-	-0.3	3.3
--other sales for industrial production			
and operations at wholesale prices	-	1.2	-
volume of industrial production	-1.4	1.1	0.4
average number of employees	0.1	0.6	0.3 ²
labor productivity based on			
industrial production	-1.5	0.5	0.3 ²
Construction			
construction work performed with internal			
labor resources	-2.9	-5.1	-4.3
average number of employees	-1.4	-1.0	-0.8
labor productivity based on con-			
struction work	-1.6	-4.1	-3.6
housing units delivered by con-			
tracting enterprises	9.1	25.4	11.1
Procurement of			
Slaughter animals (including poultry)	-12.1	-6.7	-9.5
milk	-2.2	-2.1	0.2
eggs	-1.7	-1.3	-0.2
Retail Turnover			
of the main trade systems	2.2	3.4	4.2
Foreign Trade ³			
export of socialist countries	-1.6	11.4	4.8
export of nonsocialist countries	-28.5	0.3	6.1
import from socialist countries	-18.6	9.3	12.9
imports from nonsocialist countries	-29.1	-17.8	-1.0
Personal Earnings ⁵			
of which income from wages ⁵	3.3	3.4	4.0 ⁴
	2.0	2.4	3.2
Actual cash expenditures ⁵	0.6	2.4	4.3

FOOTNOTES

1. Increases compared to actual 1980 results.
2. All trade systems.
3. Data on actual results refer to actual transactions and the state plan (in contrast to overall actual results) does not include unplanned actions within the framework of cooperation, unplanned reexport trade, exchanges, and conditional trade transactions, etc.
4. Including estimated interest on loans
5. Data based on treasury plan of the SBCS (Czechoslovak State Bank).

8491

CSO: 2400/369

MINISTER VIEWS 1982 PLAN FOR METALLURGY, HEAVY ENGINEERING

Prague STROJIRENSTVI in Czech No 32, 1982 pp 301-302

[Article: "An Economic Political Meeting of the Enterprise Managers Subordinate to the Federal Ministry of Metallurgy and Engineering in Prague"]

[Text] Mech Eng Eduard Saul, minister of metallurgy and heavy engineering of the CSSR, in cooperation with the department of party affairs in industry, construction, transportation and services of the Central Committee of the Communist Party of Czechoslovakia and the Central Committee of the Labor Union of Workers in the Metalworking Industry, held on 4 February 1982 a meeting of enterprise managers subordinate to the Federal Ministry of Metallurgy and Heavy Engineering for the purpose of ensuring tasks of the 1982 plan. A summary of his speech follows:

The current period of economic and social development of our society is one of the most complex ones, for which the preceding years provide no precedent.

Changed internal and external conditions for development are responsible for some serious problems which must be solved in 1982.

Regarding external conditions there is expected to be additional narrowing of the area for export--especially machinery and equipment of an investment character--caused by a limitation of investment, both in socialist and in capitalist countries, as well as by progressive deterioration of price relationships--the result of a further rapid rise in prices of raw materials and energy as opposed to prices of finished goods--and finally a more limited range of availability of certain imported raw materials.

As concerns internal conditions, there has been a certain decline or only negligible growth of certain sectors due to the absolute limitation or stagnation of inputs of energy and a number of basic raw materials for the manufacturing process, along with certain other factors.

The federal plan for 1982 negotiated during the 5th CPCZ Central Committee session and the CSSR Government as well, ensures specific conditions of development of the early years of the Seventh 5-Year Plan, the fulfillment of tasks which follow from the Principle Directions of Economic and Social

Development of the CSSR for the period 1981-1985, as approved by the Sixteenth CPCZ Congress.

At the same time, the concept of the 1982 plan for the national economy is such as to contribute maximally to creating conditions and preconditions for the restoration of external economic equilibrium as well as to achieving absolute savings in the most highly refined types of fuel energy sources.

The tasks of our implementation plan for 1982 derive from the conditions and goals of the State Plan for the Development of National Economy and are aimed at the consistent intensification of development in metallurgy and heavy engineering, and at a substantial increase in economy and effectiveness.

The most urgent task is to achieve the stipulated savings in fuel energy resources, which can be seen in totally lowered values of energy input allotment compared with those in previous years. It calls for an overall 1.5 percent decrease in energy input over the 1981 figure. In addition to limited fuel and energy sources, we must deal with decreased imports of iron ore and certain types of nonferrous metals from the nonsocialist countries. Also, our volume of iron ore extraction and processing is not increasing, but remains at the 1981 level. For these reasons ferrous metallurgy is experiencing a slight drop in planned production, just under 2 percent. Nevertheless, metallurgy enterprises must produce a required range of products which will satisfy the needs of all engineering consumers, whose planned production growth rate is relatively high.

For example, in 1982, our sector's net engineering production should attain a growth rate of 104.3 percent.

The 1982 plan for engineering production calls for a more intensive development of production for the fuel energy complex, as well as stipulating a substantial increase in the share of production of spare parts and a higher production growth rate in selected final assembly sectors.

For example, our sector's production of equipment for nuclear power plants is to rise 115 percent producing 3 reactor pressure tanks, 12 steam generators, and 2 compensators. The total production of nuclear power plant equipment is to attain a volume of 1,934 million crowns. The production of steam and hydraulic turbines will grow at a rate of 115 percent and the production of rotatory electrical machinery by 155.9 percent.

Besides the manufacture and deliveries of equipment for surface coal mining, there are also plans for the reconstruction of large scale engineering complexes and long-distance conveyor belt transportation.

The growth rate for spare parts production is to increase 110 percent, the most significant growth to take place in the production of spare parts for electric and diesel locomotives, and coal mining machinery.

For selected final assembly, sectors the plan calls for a growth rate of 107.9 percent. Priority will be given to the production sectors of pumps, pneumatic equipment, and semiconductor equipment, in which greater growth is expected than in heavy engineering.

The state plan for 1982 assigns our sector significant tasks in utilization of production as well. The key emphasis is placed on increasing the export roles of heavy engineering and satisfying the needs of the most important branches of our national economy. This concerns deliveries for an already mentioned fuel energy base and deliveries for the construction of key domestic objects, whose implementation will result in significant direct savings in fuel and energy and an increase in the export capacity of the Czechoslovak economy.

Compared with the 1981 plan, in the area of heavy engineering the 1982 plan calls for an increase in export wholesale prices, 2.6 percent to the socialist countries and 16.9 percent to the nonsocialist countries.

The backbone of engineering export to both market areas in 1982 as well, is the export of turn-key plants. We must export to the Soviet Union alone turn-key plants worth Kcs 3,207 million. As a supporting role in exports to the USSR, deliveries are to be provided for chemical plants, food processing plants, the rubber industry, rolling-mill equipment, compressors, irrigation equipment, and petroleum pumping stations.

Relating to other socialist countries, it is essential that we provide for a number of investment programs, in particular supplying energy-related equipment to China, Yugoslavia, Cuba and other countries.

Also, in export to the nonsocialist countries, the basic structural item in the export of heavy engineering is deliveries of turn-key plants, such as electric power plants, rolling-mills, ceramic and cement plants, oil refineries, tire factories, pumping stations and other equipment.

A number of demanding tasks await us too in the area of machinery and technological equipment deliveries for domestic capital construction. Of a total of Kcs 14.2 billion worth of supplies, 7.7 billion crowns is earmarked for specified mandated construction, which represents 54 percent of the total.

The largest amounts of deliveries earmarked for the development of the fuel energy complex (39 percent) and final construction of the metallurgy and heavy engineering production base (18 percent).

In 1982 approximately 112 facilities in 92 structures will be put into operation.

Judging by last year's experience, we must urgently devote all our efforts to assuring that the new facilities are operational within the established deadlines. Last year we were unable to put the planned number of facilities into operation, despite the fact that the planned volume of capital

investment deliveries was not only fulfilled but overfulfilled by all economic production units (VHJ). This shows that our delivery facilities were concentrated on providing key structures, but not always on providing subdeliveries, which are just as decisive for completion of facilities and directly contingent on placing them into operation.

It is particularly urgent that we work this year on solving the technical materials supply, problems especially in regard to assuring imports from the nonsocialist countries, as well as in supplying crude oil and the other petroleum products and in eliminating contradictions in consumer-supplier relationships.

The Sixteenth CPCZ Congress again emphasized the significance of technical development in ensuring intensification of the national economy. There are justifiable demands that the results of technical development be reflected in the overall increase of the technical and technological standards of production, in more rapid innovation of products, and in a substantial upgrade in their technical standards and overall quality.

In fulfilling these basic tasks of technical development specified in the 1982 plan, it is proving difficult to surmount the barriers of previous development. Because the submitted VHJ plans have not fulfilled the tasks set for them in the area of implementing the production intensification in the consumption of fuels, energy and metals, and increasing export capacities and decreasing imports from nonsocialist countries, individual VHJ's were given the task of completing by the end of February 1982 an evaluation of the tasks of technical development, with the aim of markedly shortening the period for fulfilling assigned tasks and thus raising the technical and economic production parameters.

A highly demanding national economic mission concerns the implementation of state goal-oriented nationalization programs. Program No 3 Rationalization of the Consumption of Metals, tasks us with achieving savings of 180,000 tons of ferrous metals and 3,684 tons of nonferrous metals. These tasks have been specified for individual VHJ's and it is inevitable that they be included in work plans and their realization provided for. The situation is no different in the case of savings in fuels and energy, where our sector plays a significant part in fulfilling state goal-oriented Program No 2--rationalization in fuels and energy economy. As concerns savings in fuels and energy, it is absolutely essential that in 1982 we create all preconditions for performing the tasks specified above and at the same time prepare implementation programs for future years so that the trend towards savings would not only continue but, if plausible, accelerate.

At the same time we must turn our attention toward consistent implementation of the tasks set out in "Set of Measures of FMMHE for Ensuring Key Tasks of 1982 Plan and Budget," which was received by all general managers and managers of directly controlled organizations early in January of this year. This is a set of specific measures, with assigned deadlines, whose implementation depends on the comprehensive fulfillment of relevant tasks of the 1982 plan. There must be consistent monitoring of fulfillment of individual

tasks, not only in the area of economics but also in the area of party organs and organizations. Along with ensuring implementation of the economic tasks, the entire management system has to be intensified and developed, and the appropriate organizational and systematic measures taken in this direction.

The Set of Measures for Improving the System of Planned Management of the National Economy After 1980 continues to be the basis for increased effectiveness of management during the Seventh 5-Year Plan, which was gradually elaborated for specific conditions in metallurgy and heavy engineering. Particular importance has been paid to developing and implementing a political-organizational program for providing briefings and action which would result in all-round preparation of personnel and elaboration of the Set of Measures at the VHI level. In early 1981 the Set of Measures in organization of the department was further elaborated, especially in the areas of financial economics, regulation of wage funds, intensification of khozrazchet, etc. For better theoretical and practical control of the improved system of planned management, work seminars were organized last April for enterprises with related problems. The purpose of these seminars was to determine good results, exchange experiences, and especially to determine the weak spots on which further attention needs to be focused in future work. Despite the good results achieved last year in the sector, it will still be necessary to increase efforts to enforce the principles of the Set of Measures in actual practice. This is especially pertinent to the lower echelons of management through intensification of intra-enterprise khozrazchet in the spirit of the principles and conclusions of the Set of Measures. I believe that this will create conditions for increased application of the principles of counter proposals, which has not up to now been meaningful in our sector.

It is quite indisputable that implementation of the exceptionally challenging tasks of the 1982 plan, under changed basic concepts is not possible without wide participation of the workers. Work initiative, creative activity, and socialist competition must be directed at solving key problems in assessment of critical resources, especially fuels and energy, and fulfilling our export obligations.

Even though risks exist in some areas of the 1982 plan, I consider this plan to be realistic and, with increased productivity of our enterprises and workers' initiative, to be accomplishable. I therefore call upon you for an active approach in implementing the tasks of the plan, maintenance and intensification of all positive tendencies noted so far, and an accelerated solution of certain negative phenomena. We in metallurgy and heavy engineering will best contribute to the realization of the conclusions of the 16th Congress of the CPCZ through successful fulfillment of the 1982 plan.

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CSO: 2400/374

UNIFIED AGRICULTURAL COOPERATIVES' FINANCIAL TRENDS ANALYZED

Prague FINANCE A UVER in Czech No 6, 1982 pp 387-400

[Article by Eng Kveta Burianova, ScC: "Analysis of the Development of Costs in 1980 in the System of Unified Agricultural Cooperatives Operating Under Different Natural Conditions"]

[Text] The purpose of this analysis is to identify the causes of the steep growth of costs in the JZD [Unified Agricultural Cooperatives] and its specifics, if any, under various natural conditions, both according to the types of costs and to main products; furthermore, it follows the effect of such factors on profitmaking and the overall efficiency of production.

The basic method chosen for this analysis is the breakdown of cost increases according to the main types of costs with separate enumeration of effects stemming from the regulations issued by the center for the purpose of bringing prices of inputs in the agriculture down to realistic levels, i.e., raising the market prices of fodder mixes 12.9 percent, of fertilizers 14.6 percent, and the contribution to social security 9 percent of operational costs.

The data on costs of products reflect the situation of costs in the system of those JZD that survey costs (hereafter "the JZD system"), and data on costs and profits without classification of products represent all JZD during the period of this analysis. Data for 1980 were compared with the preceding year because the costs continued to rise steadily for several years, and this trend accelerated in 1980 rather than changed its character. In view of the poor harvest as a result of the drought in 1979, the data were converted for better comparison to area units, in livestock to production per head per day, and only in general, also per unit of product.

According to natural conditions, the JZD were grouped in the category of "better conditions" (JZD paying graduated land tax up to Kcs 1,500/hectare of agricultural land) and of "inferior conditions" (those claiming differential subsidies granted at a graduated rate from Kcs 1 to Kcs 70 per Kcs 100 for market production of selected products).

Development of Efficiency of Production in JZD Under Different Natural Conditions

Development of Costs of Production in the "JZD System"

In 1980 the costs of agricultural production rose 11 percent, demonstrating a faster trend in the CSR, and thus, the differences in costs between the two republics and between natural conditions were somewhat diminished, as it appears from the data presented in Table 1.

Table 1

Tabulka č. 1

1. v Kčs/ha z. p.

2	„soubor JZD“	3 údaje za zemědělskou výrobu za:				
		4 průměr ČSSR	5 lepší podmínky		6 horší podmínky	
			ČSR	SSR	ČSR	SSR
7	náklady na hlavní výrobky					
8	v r. 1979	13 134	13 982	14 445	11 895	11 148
9	v r. 1980	14 658	15 643	15 943	13 708	12 480
10	index 1979/1980	111	112	110	115	112
11	přírůstek nákladů					
12	v letech 1979—1980	1 524	1 661	1 498	1 813	1 332
13	z toho: pracovních	—55	—58	—89	40	—22
14	na krmiva vlastní	423	457	558	374	290
15	nakoupená	282	410	48	334	228
16	na hnojiva nakoupená	171	171	251	150	145
17	na odpisy zvířat	231	300	118	287	120
18	nákladů na mechanizaci					
19	a opravy	274	251	419	405	257
20	na režii	185	174	136	224	244
21	finančních nákladů	247	253	278	216	215
	vedlejší výrobky (odpočet)	234	297	221	217	145

Key:

- | | |
|---|---|
| 1. in Kcs/hectare of agricultural land | 12. in 1979—1980 |
| 2. "JZD system" | 13. of which: operational |
| 3. data for agricultural production in: | 14. for fodder procured by the enterprise |
| 4. CSSR average | 15. for procured fodder |
| 5. better conditions | 16. for procured fertilizers |
| 6. inferior conditions | 17. for livestock depreciation |
| 7. costs of main products | 18. costs of mechanization and repairs |
| 8. in 1979 | 19. overhead |
| 9. in 1980 | 20. cash outlay |
| 10. index 1979/1980 | 21. byproducts (deduction) |
| 11. increment of costs | |

The cost increase resulted from the adjustment of economic policies in 1980, to the full extent for procured fodder and cash outlay, 75 percent for procured fertilizers, and partly also for fodder produced by the JZD, depreciation of the livestock, and byproducts, which reflected the change of prices accounted in pricing of unfinished products. Thus, due to objective causes the increase of costs centered in the increase of costs for mechanization and overhead and in part also for fodder produced by the JZD.

Development of Receipts for Agricultural Production in the "JZD System"

In 1980, receipts for agricultural products increased 12 percent, mainly due to higher receipts for livestock production, particularly in inferior natural conditions. Procurement prices rose higher (13 percent) than price incentives (3 percent) where within which a shift was made in favor of differential subsidies which were increased 40 percent (see Table 2).

Table 2

1 v Kčs/ha z. p.

Tabulka č. 2

2	„soubor JZD“ index 1980/79	3 údaje za zemědělskou výrobu za:				
		4 průměr ČSSR	5 lepší podmínky		6 horší podmínky	
			ČSR	SSR	ČSR	SSR
7	tržby ze zemědělské výroby	112,2	112,9	110,0	116,8	113,7
8	z toho: rostlinná	105,2	106,7	113,2	103,7	99,5
9	živočišná	116,5	116,8	107,3	123,4	120,0
10	v tom z nákupních cen					
11	ze zemědělské výroby					
12	celkem	113,0	115,4	111,8	117,5	109,7
13	z rostlinné výroby	104,7	106,9	113,1	102,7	97,3
14	ze živočišné výroby	118,6	121,2	110,6	125,7	115,9
15	v tom z cenových nástrojů	102,7	69,5	64,7	111,8	131,6
16	z rostlinné výroby	115,5	107,2	120,8	119,3	119,0
17	ze živočišné výroby	99,4	58,9	48,4	110,2	134,1

Key:

- | | |
|--|-----------------------------------|
| 1. in Kcs/hectare of agricultural lands | 8. of which: crops |
| 2. "JZD system" - Index 1980/1979 | 9. livestock |
| 3. data on agricultural production in: | 10. including: procurement prices |
| 4. CSSR average | 11. agricultural production |
| 5. better conditions | 12. total |
| 6. inferior conditions | 13. crop production |
| 7. receipts from agricultural production | 14. livestock production |
| | 15. of which: price incentives |
| | 16. crop production |
| | 17. livestock production |

Development of Balanced Profits

Comprehensive data concerning the development of efficiency are derived from the development of balanced profits (excluding grants) of all JZD which demonstrated the highest rise in JZD operating in inferior conditions in the SSR at the lowest level of that indicator, and thus, its differentiation in various natural conditions was diminished to some extent (see Table 3).

Table 3

Tabulka č. 3.

1 v Kčs/ha z. p.

		2 průměr		3 lepší podmínky		4 horší podmínky	
		ČSR	SSR	ČSR	SSR	ČSR	SSR
5	všechna JZD						
6	bilanční zisk podniku						
7	v r. 1979	1 297	790	1 519	2 469	929	—82
8	v r. 1980	1 607	1 318	1 900	2 823	1 121	534
9	přírůstek v letech 1979—1980	310	528	381	354	192	616
10	index 1980/79	124	167	125	114	121	—
11	pozemková daň	263	186	418	535	5	4
12	diferenciální příplatek	267	1 128	37	37	646	1 696
13	„soubor JZD“						
14	zisk ze zemědělské výroby						
15	v r. 1979	757	115	912	1 333	179	—696
16	v r. 1980	1 395	506	1 618	2 195	646	—460
17	přírůstek v letech 1979—1980	638	391	706	861	467	236
18	index 1980/79	184	440	177	165	361	66
19	z toho zisk z rostlinné výroby						
20	v r. 1979	889	541	1 090	2 011	141	—438
21	v r. 1980	1 243	713	1 589	2 988	85	—590
22	přírůstek v letech 1979—1980	354	172	499	977	—56	—152
23	index 1980/79	140	132	146	149	60	135
24	zisk ze živočišné výroby						
25	v r. 1979	—133	—427	—178	—678	37	—259
26	v r. 1980	152	—207	29	—794	561	130
27	přírůstek v letech 1979—1980	285	220	207	—116	524	389
28	index 1980/79	—	48	—	117	1 516	—

Key:

- | | |
|--|---|
| 1. in Kcs/hectare of agricultural lands | 15. in 1979 |
| 2. average | 16. in 1980 |
| 3. better conditions | 17. increment in 1979-1980 |
| 4. inferior conditions | 18. index 1980/1979 |
| 5. all JZD | 19. of which profits from crop production |
| 6. balanced profits of the enterprise | 20. in 1979 |
| 7. in 1979 | 21. in 1980 |
| 8. in 1980 | 22. increment in 1979-1980 |
| 9. increment in 1979-1980 | 23. index 1980/1979 |
| 10. index 1980/1979 | 24. profits from livestock production |
| 11. land tax | 25. in 1979 |
| 12. differential subsidy | 26. in 1980 |
| 13. "JZD system" | 27. increment in 1979-1980 |
| 14. profits from agricultural production | 28. index 1980/1979 |

JZD operating in better natural conditions earned most of their profits from crop production; land taxes reduced their profits 28 percent in the CSR and 19 percent in the SSR. Profits in inferior natural conditions increased most in the JZD of the SSR; these profits were derived from livestock production and from nonagricultural operations whose share in the receipts from production programs was 23 percent in the JZD of the CSR and 34 percent in the SSR. Differential subsidies exceeded the level of profits and thus, in the SSR they covered some of the costs in addition to profits in inferior natural conditions. Our district agricultural administrations should ascertain whether the structure of production in some of these cases is appropriate, and propose measures to increase the efficiency of their expenditures.

Share of Main Products in Profitmaking of the "JZD System"

Profitmaking may be specified according to the type of products only from the data for the "JZD system"; the structure of products in the profits appears from the following data for 1980 (see Table 4):

Table 4. Structure of Profits

in percent

Tabulka č. 4 Struktura zisku v %

	1	2 „soubor JZD“ průměr		3 lepší podmínky		4 horší podmínky	
		CSR	SSR	CSR	SSR	CSR	SSR
4	pšenice, ječmen, kukurice	65	154	71	95	17	8
5	žito, oves	5	2	3	1	19	2
6	řepka	4	12	4	3	6	13
7	ostatní rostlinné výrobky	15	—28	20	37	—29	—152
8	mléko	—13	—	—18	—18	23	50
9	ostatní výrobky chovu skotu	11	—44	8	—10	35	—51
10	chov prasat	13	4	11	—7	27	26
11	ostatní živočišné výrobky	—	—	1	—1	2	4
12	celkem zemědělské výrobky	100	100	100	100	100	100

Key:

- | | |
|---------------------------|---------------------------------|
| 1. "JZD system" - average | 7. other crop products |
| 2. better conditions | 8. milk |
| 3. inferior conditions | 9. other livestock products |
| 4. wheat, barley, corn | 10. hog raising |
| 5. rye, oats | 11. other livestock products |
| 6. rape | 12. total agricultural products |

Grain crops (74–96 percent) and to a lesser extent other crop products (20–37 percent) continued to be in 1980 the key sources of profits in better natural conditions, while milk production and in the SSR the entire livestock production sustained the greatest losses.

The decisive source of profits in inferior natural conditions was livestock production, mainly milk (23-50 percent), hogs (26-27 percent) and in the CSR, also cattle (35 percent); in crops also rape (6-13 percent) and in the CSR rye, barley and flax, in the SSR wheat. Late potatoes, sugar beets and in the SSR, where crop production in general marked losses, also corn for grain shared in the deficit.

Obviously, it is imperative to reconsider whether crops requiring better climate, such as corn for grain and sugar beets, should be cultivated in inferior natural conditions, and as for late potatoes, the experience of our leading enterprises should be more widely applied.

The Effect of Price Adjustments On Higher Profits in Livestock Production

The conspicuous increase of profits in livestock production reflected the effect of the 1980 price adjustments, particularly supplementary price incentives (see Table 5).

Table 5

All JZD - Supplementary Price Incentives	in Kcs/hectare of agricultural land			
	Better conditions		Inferior conditions	
	<u>CSR</u>	<u>SSR</u>	<u>CSR</u>	<u>SSR</u>
in livestock production in 1980	347	207	1,141	1,876
in 1979	589	428	1,035	1,399
index 1980/1979	59	48	110	134

Higher profits in livestock production helped offset the overall deficit in inferior natural conditions in the SSR and thus, reduce the differences in the profits of the JZD.

High incentives for livestock production in inferior natural conditions notwithstanding, the available resources failed to affect the growth of production and of market production (see Table 6).

Table 6

Tabulka č. 6

	1 všechna JZD — ukazatelé na ha z. p.	průměr ČSSR 2	3 lepší podmínky		4 horší podmínky	
			ČSR	SSR	ČSR	SSR
5	tržní produkce v roce 1980					
6	mléko [l]	865	1 026	760	920	561
7	jatečný skot [kg]	54	65	57	44	36
8	jatečná prasata [kg]	125	129	222	70	93
9	přírůstek tržní produkce v letech 1979—1980					
10	mléko [l]	38	68	—19	45	12
11	jatečný skot [kg]	—4,0	—2,9	0,1	—8,4	—4,6
12	jatečná prasata [kg]	0,4	5,1	—3,8	7,5	0,3
13	index růstu tržní produkce 1980/1979					
14	mléko	105	107	98	105	102
15	jatečný skot	96	96	100	84	89
16	jatečná prasata	100	104	102	112	100

Key:

- | | |
|--|--|
| 1. all JZD - indicators per hectare of agricultural land | 9. increment in market production in 1979-1980 |
| 2. CSSR average | 10. milk (litres) |
| 3. better conditions | 11. slaughter cattle (kg) |
| 4. inferior conditions | 12. slaughter hogs (kg) |
| 5. market production in 1980 | 13. index of growth in market production for 1980/1979 |
| 6. milk (litres) | 14. milk |
| 7. slaughter cattle (kg) | 15. slaughter cattle |
| 8. slaughter hogs (kg) | 16. slaughter hogs |

Market production noted its highest rise in milk and hog production in the JZD of the CSR, even with relatively low increases in sales prices of milk (see Table 7).

Table 7

Tabulka č. 7

1 v Kčs/kg

	2 soubor JZD sledující náklady v roce 1980	3 lepší podmínky		4 horší podmínky	
		ČSR	SSR	ČSR	SSR
5	realizační cena včetně ekonomických nástrojů				
6	mléko	3,46	3,24	4,07	4,80
7	prasata	14,90	14,49	15,98	17,86
8	zvýšení realizační ceny v l. 1980—1979				
9	mléko	0,26 ^a	0,20	0,51	0,98
10	prasata	0,42	0,44	0,60	0,76

11 poznámka: ^a vliv vyšší tučnosti a kvality mléka v lepších podmínkách ČSR

[key on following page]

Key:

- | | |
|--|--|
| 1. in Kcs/kg | 7. hogs |
| 2. JZD system surveying costs in 1980 | 8. increase in actual price in 1980-1979 |
| 3. better conditions | 9. milk |
| 4. inferior conditions | 10. hogs |
| 5. actual price, including economic incentives | 11. Note a: effect of higher fat contents and better quality of milk in better conditions of CSR |
| 6. milk | |

From these data it follows that thus far, the growth of production has been affected more by material factors than by price incentives whose differential subsidies produced a controversial increase in hog raising in inferior conditions where meadows and pastures serve as source of fodder primarily for cattle.

Changes in Profitability of Production in the "JZD System"

In 1980 the profitability of agricultural production of the "JZD system" operating in better conditions declined, in inferior conditions in the CSR stagnated, and only in the SSR increased. Agricultural production of all JZD operating in inferior conditions of the SSR remained unprofitable (see Table 8).

Table 8. Profitability

in percent

Tabulka č. 8 Rentabilita

v %

	1 rok	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4 „soubor JZD“ [%]					
5 — rostlinná výroba	1979	18,8	20,0	10,0	2,9
	1980	20,6	30,9	3,9	-1,5
6 — živočišná výroba	1979	4,0	0,7	4,2	6,6
	1980	1,0	-4,9	8,4	10,1
7 — zemědělská výroba	1979	10,1	11,8	6,7	5,1
	1980	8,7	10,3	6,6	5,6
8 všechna JZD [%]					
7 — zemědělská výroba	1980	8,4	11,8	4,0	-4,9
9 — zemědělský podnik (vč. nezemědělské činnosti)	1980	11,4	16,3	7,4	3,8
10 rozdíl rentability zemědělské výroby za „soubor JZD“ mezi lepšími a horšími podmínkami v procentních bodech	1979	3,4	6,7		
	1980	2,1	4,7		
11 index 1980/79		61,8	70,1		

[Key on following page]

Key:

- | | |
|------------------------------|--|
| 1. year | 9. agricultural enterprises (including nonagricultural operations) |
| 2. better conditions | |
| 3. inferior conditions | |
| 4. "JZD system" (in percent) | 10. difference in profitability of agricultural production in the "JZD system: between better and inferior conditions in percentage points |
| 5. crop production | |
| 6. livestock production | |
| 7. agricultural production | |
| 8. all JZD (in percent) | 11. 1980/1979 index |

Price regulations implemented since 1980 increased the profitability of livestock production in inferior natural conditions, while the profitability of crop production declined; it was the exact opposite in better natural conditions since higher per hectare yields more than compensated for higher input costs. On the whole, the differences in the profitability of agricultural production in better and in inferior natural conditions in the CSSR dropped from 4.8 points to 3.1 points, i.e., to 65 percent, more noticeably so in the CSR.

In comparison with the "JZD system," the profitability of agricultural production in all JZD in 1980 was markedly lower in inferior natural conditions. Nonagricultural operations raised the profitability of all JZD, namely, by 3.0 and 3.4 points in the CSR and by 4.5 and 8.8 points in the SSR, and thus, helped improve even more the situation of income in inferior natural conditions; the difference in the profitability of the JZD operating in better and in inferior natural conditions amounted to 4.4 points for the CSR agricultural production and to a total of 4.0 points for the enterprise; in the SSR it was 16.7 points and a total of 12.5 points for the enterprise.

The weather in 1980 affected the development of profitability of the crop production; the per hectare yields and thus, also the profitability increased, particularly that of mechanically cultivated crops (wheat, rapé, flax) in all natural conditions; however, crops requiring manual labor were harvested in the autumn under adverse conditions, which lowered the profits. Other products did not demonstrate any clearcut trends.

Conclusions Concerning the Development of Efficiency

1. Adjustments of economic regulations implemented since 1980 helped reduce the differences in various natural conditions:

a) in the costs of agricultural production, due to lower increases of costs in the highest cost category (better conditions in the SSR) and the lowest category (inferior conditions in the SSR), and thus, the level of costs in both republics achieved a better balance; in addition to the adjusted economic regulations increased the costs and thus, affected in particular the growth of costs of mechanization, overhead and fodder produced by the JZD;

b) in receipts, due to an accelerated growth of procurement prices and supplementary price incentives in the production of livestock in inferior natural conditions;

c) in profits in livestock production, which increased more noticeably in inferior natural conditions; especially of milk, and in the CSR also of the cattle, mainly by higher supplementary price incentives;

d) in profitability of agricultural production, which increased in inferior natural conditions, particularly in livestock production; this was reflected in higher profitability of all agricultural production in the SSR.

2. The highest incentives for livestock production, however, failed to bring about the highest increase in market production because the material factors, thus far unresolved, generated a more pronounced effect.

Development of Costs of Products in Different Natural Conditions

According to products, the per hectare costs in the "JZD system" increased in 1980 most rapidly in the following categories:

corn for grain	28 percent
milk	20 percent
barley	17 percent
flax	14 percent
early potatoes	13 percent
rye	13 percent
sugar beets	12 percent
eggs (per feeding day)	11 percent
hogs (per feeding day)	9 percent
cattle (per feeding day)	8 percent.

Therefore, the increase of costs of these products, whose costs rose at a higher rate, will be analyzed here to greater detail, according to the type of costs and different natural conditions.

Corn for Grain

Its per hectare costs increased especially in inferior conditions of the SSR (56 percent). Items presented in Table 9 particularly affected the increment of costs.

Table 9

Tabulka č. 9

	1 kukuřice na zrno	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/ha]	1 459	1 359	20	3 855
6	z toho pracovních	17	11		311
	7 na nákup hnojiv	573	465		753
	8 na nákup osiv	44	239		434
	9 na opravy a ostatní materiál	658	431		1 552
	10 na režii	178	95		395
	11 ostatních nákladů	—11	118		410
12	v tom přírůstek vlivu úprav			nepěstuje se	
	13 ekonomických nástrojů celkem	240	231		298
14	z toho přírůstek nákladů na nákup hnojiv	157	161		214
	15 přírůstek odvodu na sociální zabezpečení	83	70		84
16	b) výnosu [t/ha]	—0,58	—0,36		—0,43
17	náklady v r. 1980 [Kčs/t]	2 069	1 378		2 690
18	index nákladů na jednotku výrobku 1980/79	137	137		175

Key:

- | | |
|---------------------------------------|--|
| 1. corn for grain | 12. of which increment resulting from the adjustments |
| 2. better conditions | 13. of economic regulations--total |
| 3. inferior conditions | 14. of which increment of costs for procurement of fertilizers |
| 4. increment in 1979-1980 | 15. increment in social security taxes |
| 5. a) of total costs (Kcs per hectare | 16. b) yield (ton per hectare) |
| 6. of which operational | 17. costs in 1980 (Kcs) |
| 7. for procurement of fertilizers | 18. index of costs per unit of product 1980/1979 |
| 8. for procurement of seed | 19. not cultivated |
| 9. for repairs and other materials | |
| 10. overhead | |
| 11. other costs | |

Material growth absorbed over 70 percent of the increment of costs of procured fertilizers. Among the items unaffected by price adjustments, the costs of mechanization and overhead, in the SSR also the costs of procured seed and in inferior conditions of the SSR labor costs (33 percent) increased most of all. On the other hand, because of the inclement weather in the autumn, the per hectare yields in better conditions dropped below the wheat standard, and thus, the ratio of costs per ton of corn to wheat in comparison with 1979 (wheat 100) deteriorated

in better conditions in the CSR from 115 to 193,
in the SSR from 78 to 154,
in inferior conditions of the SSR from 91 to 168.

Higher costs in better conditions of the CSR are related to the production of seed, which is confirmed by the actual price of Kcs 2,605 per ton (in the SSR Kcs 1,910 per ton).

Thus, the cost of corn for grain rose more in inferior natural conditions in the SSR mainly because of the costs of repairs and procured fertilizers which above all raised the costs in better natural conditions, albeit to a lesser degree. Furthermore, lower per hectare yields reduced efficiency, particularly in inferior natural conditions.

Barley

Its per hectare costs were up especially in better conditions of the SSR (25 percent). Items listed in Table 10 most of all affected the increase of costs.

Table 10

Tabulka č. 10

1	ječmen	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/ha]	657	1 059	722	887
6	z toho pracovních	38	78	41	73
7	na nákup hnojiv	160	384	166	206
8	na nákup osiv	16	88	10	16
9	na opravy a ostatní materiál	237	415	271	331
10	na režii	163	81	238	191
11	ostatních nákladů	43	13	—4	70
12	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	170	172	213	228
13	z toho přírůstek nákladů na nákup hnojiv	112	110	149	153
14	přírůstek odvodu na sociální zabezpečení	58	62	64	75
15	b) výnosu [t/ha]	0,54	1,37	—0,10	0,23
16	přírůstek nákladů na přírůstek výnosu [Kčs/t]	1 217	773	---	3 856
17	náklady v r. 1980 [Kčs/t]	1 050	883	1 396	1 567
18	index nákladů na jednotku výrobku 1980/79	98	93	111	106

Key:

- | | |
|--|---|
| 1. barley | 12. of which increment stemming from adjustments of economic regulations —total |
| 2. better conditions | 13. of which increment of costs for procurement of fertilizers |
| 3. inferior conditions | 14. increase in taxes for social security |
| 4. increment in 1979—1980 | 15. b) yield (ton per hectare) |
| 5. a) of total costs (Kcs per hectare) | 16. increment in costs for increase in yield (Kcs per ton) |
| 6. of which operational | 17. costs in 1980 (Kcs per ton) |
| 7. for procurement of fertilizers | 18. index of costs per unit of product 1980/1979 |
| 8. for procurement of seed | |
| 9. for repairs and other materials | |
| 10. for overhead | |
| 11. other costs | |

The growth of costs in better conditions was efficient because higher yields covered also higher prices of inputs and furthermore, the increase was reflected in lower costs per unit of the product, especially in better conditions of the SSR. The costs of repairs, and in inferior conditions also overhead, rose most noticeably among the categories of costs.

The efficiency of barley production deteriorated only in inferior natural conditions, mainly due to higher costs of repairs and overhead, and in the CSR also due to lower per hectare yields.

Rye

The per hectare cost of rye increased most in better conditions in the SSR (32 percent). Items listed in Table 11 contributed most to the increment of costs.

Table 11

Tabulka č. 11

1	žito	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/ha]	332	1 219	817	733
6	z toho pracovních	—57	15	45	—67
7	na nákup hnojiv	117	644	223	140
8	na nákup osiv	21	48	73	177
9	na opravy a ostatní materiál	166	340	269	264
10	na režii	52	146	199	110
11	ostatních nákladů	33	26	8	109
12	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	204	195	199	263
13	z toho přírůstek nákladů na nákup hnojiv	142	153	138	177
14	přírůstek odvodu na sociální zabezpečení	62	42	61	86
15	b) výnosu [t/ha]	0,32	0,80	0,19	0,54
16	přírůstek nákladů na přírůstek výnosu [Kčs/t]	1 038	1 524	4 300	1 357
17	náklady v roce 1980 [Kčs/t]	1 453	1 608	1 484	1 710
18	index nákladů na jednotku výrobku 1980/79	101	122	107	94

Key:

- | | |
|--|---|
| 1. rye | 11. other costs |
| 2. better conditions | 12. of which increment stemming from adjustments of economic regulations--total |
| 3. inferior conditions | 13. of which increment of costs for procurement of fertilizers |
| 4. increment in 1979-1980 | 14. increase in social security taxes |
| 5. a) of total costs (Kcs per hectare) | 15. b) yield (ton per hectare) |
| 6. of which operational | 16. increment in costs for increase in yields (Kcs per ton) |
| 7. for procurement of fertilizers | 17. costs in 1980 (Kcs per ton) |
| 8. for procurement of seeds | 18. index of costs per unit of product (1980/1979) |
| 9. for repairs and other materials | |
| 10. for overhead | |

Higher costs were focused on the costs of repairs and other materials as well as overhead, and in better conditions of the SSR, also on procured fertilizers. The increment of production in better conditions of the CSR, where a unit of the product is produced at the lowest cost, was achieved at the lowest cost.

Costs went up in all conditions, particularly because of higher costs of repairs and overhead, while higher yields lowered the per unit costs only in inferior conditions of the SSR, although the production there remains the most expensive.

Flax

The per hectare costs of flax increased particularly in inferior conditions (CSR 15 percent, SSR 20 percent). Items listed in Table 12 contributed most to the increase of costs.

Table 12

Tabulka č. 12

	1 jen	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/ha]	569	—3 429	1 330	1 739
6	z toho pracovních	171	—1 600	270	182
7	na nákup hnojiv	— 76	— 529	148	180
8	na nákup osiv	—171	57	—135	35
9	na opravy a ostatní materiál	302	—2 457	749	1 150
10	na režii	152	1 014	190	204
11	ostatních nákladů	191	86	108	—12
12	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	272	389	271	276
13	z toho přírůstek nákladů na nákup hnojiv	113	209	118	126
14	přírůstek odvodu na sociální zabezpečení	159	180	153	150
15	b) výnosu [t/ha]	0,86	1,95	0,53	1,02
16	náklady v r. 1980 [Kčs/t]	1 976	1 417	2 140	3 327
17	index nákladů na jednotku výrobku 1980/79	75	44	95	60

Key:

- | | |
|--|--|
| 1. flax | 11. other costs |
| 2. better conditions | 12. of which increment stemming from adjustments of economic regulations—total |
| 3. inferior conditions | 13. of which increment in costs for procurement of fertilizers |
| 4. increment in 1979–1980 | 14. increase of social security tax |
| 5. a) of total costs (Kcs per hectare) | 15. b) yield (tons per hectare) |
| 6. of which operational | 16. costs in 1980 (Kcs per ton) |
| 7. for procurement of fertilizers | 17. index of costs per unit of product (1980/1979) |
| 8. for procurement of seed | |
| 9. for repairs and other materials | |
| 10. for overhead | |

The costs increased particularly in inferior conditions due to costs of repairs, overhead and labor, however, the costs of production declined in all conditions due to higher per hectare yields.

Early potatoes

The per hectare costs increased above all in better natural conditions in the CSR (15 percent). Items listed in Table 13 contributed to the increment.

Table 13

Tabulka č. 13

	1 brambory rané	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/ha]	2 953	273	2 237	997
6	z toho pracovních	552	219	— 529	—390
7	na nákup hnojiv	115	—533	176	—120
8	na nákup sadby	387	— 87	—2 315	— 54
9	na vlastní sadbu	—93	30	185	156
10	na opravy a ostatní materiál	1 194	—233	4 142	—276
11	na režii	816	782	306	382
12	ostatních nákladů	—18	95	272	1 299
13	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	606	603	638	719
14	z toho přírůstek nákladů na nákup hnojiv	230	224	214	274
15	přírůstek odvodu na sociální zabezpečení	376	379	424	445
16	b) výnosu [t/ha]	0.35	—3.94	—0.59	—2.17
17	náklady v r. 1980 [Kčs/t]	1 467	2 511	1 585	3 493
18	index nákladů na jednotku výrobku 1980/79	119	166	103	152

Key:

- | | |
|---|--|
| 1. early potatoes | 11. overhead |
| 2. better conditions | 12. other costs |
| 3. inferior conditions | 13. of which increment stemming from adjustments of economic regulations—total |
| 4. increment in 1979–1980 | 14. of which increment of costs for procurement of fertilizers |
| 5. a) of total costs (Kcs per hectare) | 15. increase of social security taxes |
| 6. of which operational | 16. b) yield (tons per hectare) |
| 7. for procurement of fertilizers | 17. costs in 1980 (Kcs per ton) |
| 8. for procurement of seed potatoes | 18. index of costs per unit of product 1980/1979 |
| 9. for seed potatoes produced by the enterprise | |
| 10. for repairs and other materials | |

In the CSR primarily costs of repairs, including other materials, and in better conditions labor costs and overhead contributed to a major extent to cost increases. The per hectare yields increased only in better conditions of the CSR where they reached their highest level [15 tons per hectare].

Higher costs of repairs in the CSR, labor costs in better conditions and of overhead in general rendered the development of costs inefficient, which was reflected especially conspicuously in higher costs of production in the SSR, with generally lower per hectare yields.

Sugar Beets

Their per hectare costs rose most markedly in inferior natural conditions in the CSR (20 percent) and in the SSR (24 percent). Items listed in Table 14 contributed to a major degree to the growth of the costs.

Table 14

Tabulka č. 14

	1 cukrovka	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979--1980				
5	a) nákladů celkem [Kčs/ha]	1 575	672	2 584	3 141
6	z toho pracovních	—104	—69	—87	797
7	na nákup hnojiv	367	—89	352	91
8	na nákup osiv	205	—20	37	—29
9	na opravy a ostatní materiál	939	532	1 512	1 555
10	na režii	109	18	528	284
11	ostatních nákladů	59	300	242	443
12	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	568	530	567	629
13	z toho přírůstek nákladů na nákup hnojiv	283	244	269	276
14	přírůstek odvodu na sociální zabezpečení	285	286	298	353
15	b) výnosu [t/ha]	—3,0	0,73	—0,64	1,78
16	náklady v r. 1980 [Kčs/t]	303	268	472	418
17	index nákladů na jednotku výrobku 1980/79	119	104	107	112

Key:

- | | |
|---|---|
| 1. sugar beets | 11. other costs |
| 2. better conditions | 12. of which increment stemming from adjustments of economic regulations--total |
| 3. inferior conditions | 13. of which increment in costs for procurement of fertilizers |
| 4. increment in 1979-1980 | 14. increment in social security taxes |
| 5. a) of costs - total (Kcs per hectare | 15. b) yield (tons per hectare) |
| 6. of which operational | 16. costs in 1980 (Kcs per ton) |
| 7. for procurement of fertilizers | 17. index of costs per unit of product 1980/1979 |
| 8. for procurement of seed | |
| 9. for repairs and other materials | |
| 10. for overhead | |

The increase in costs was caused primarily by the costs of repairs and overhead and in the CSR, to a lesser extent, also by the cost of fertilizers, while labor costs went up considerably in inferior conditions in the SSR. The per hectare yield increased only in the SSR and thus, it absolutely exceeded the level of the CSR.

Costs increased in all conditions, however, more so in inferior conditions, mainly due to the costs of repairs and overhead. Despite higher per hectare yields in the SSR, production costs rose in all conditions and remained at their highest level in inferior natural conditions.

Milk

The costs per 100 feeding days (hereafter FD) of milch cows increased most in inferior conditions of the CSR (24 percent), nevertheless, they remained lowest of all natural conditions. Items listed in Table 15 contributed most higher costs.

Table 15

Tabulka č. 15

	1 mléko	2 lepší podmínky		3 horší podmínky	
		CSR	SSR	CSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/100 KD]	564	485	655	513
6	z toho pracovních	3	9	24	2
7	na nákup krmiv	8	6	37	9
8	na krmiva vlastní	206	223	208	229
9	na opravy a ostatní materiál	97	92	99	96
10	na režii	22	45	45	47
11	na vedlejší výrobek	102	118	116	99
12	ostatních nákladů	126	22	126	35
13	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	120	131	117	130
14	z toho přírůstek nákladů na nákup krmiv	56	54	54	57
15	přírůstek odvodu na sociální zabezpečení	64	77	63	73
16	b) roční dojivost [l]	113	18	203	18
17	náklady v r. 1980 [Kčs/100 litrů]	354	322	369	409
18	index nákladů na jednotku výrobku 1980/79	111	113	111	112

Key:

- | | |
|------------------------------------|---|
| 1. milk | 12. other costs |
| 2. better conditions | 13. of which increment stemming from adjustments of economic regulations--total |
| 3. inferior conditions | 14. of which increment of costs for procured fodder |
| 4. increment in 1979-1980 | 15. increase of social security tax |
| 5. a) of total costs (Kcs/100 FD) | 16. b) annual milk production (liters) |
| 6. of that operational | 17. costs in 1980 (Kcs/100 liters) |
| 7. for procurement of fodder | 18. index of costs per unit of product 1980/1979 |
| 8. for fodder of own production | |
| 9. for repairs and other materials | |
| 10. for overhead | |
| 11. for byproducts | |

The costs increased mostly because of the higher costs of fodder produced by the enterprises, of changes in pricing of the byproduct (calves) and of costs or repairs and other materials. The discrepancy between accounting prices and costs of fodder produced by enterprises affects the item entitled "other costs." Annual milk production increased only in the CSR, however, it retained its highest level in better conditions of the SSR.

Costs were up in all conditions, especially in inferior ones, mainly due to higher costs of fodder produced by the enterprises, of repairs and overhead. Production costs also increased in all conditions, remaining at a higher level in inferior natural conditions.

Cattle for Fattening

As in milk, the cost per 100 FD increased mostly in inferior conditions of the CSR (13 percent), although they still were the lowest there in all natural conditions. Items listed in Table 16 contributed in particular to the cost increase.

Table 16

Tabulka č. 16

1 skot - výkrm		2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979—1980				
5	a) nákladů celkem [Kčs/100 KD]	112	128	171	111
6	z toho pracovních	—5	—12	—12	—100
7	na nákup krmiv	4	—11	26	—2
8	na krmiva vlastní	95	90	106	115
9	na opravy a ostatní materiál	18	45	40	—8
10	na režii	18	11	7	18
11	ostatních nákladů	18	5	4	88
12	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	52	50	55	62
13	z toho přírůstek nákladů na nákup krmiv	35	26	36	35
14	přírůstek odvodu na sociální zabezpečení	17	24	19	27
15	b) na kus a den [kg]	0,02	—0,04	0,01	—0,06
16	náklady na živou hmotnost v r. 1980 [Kčs/kg]	19,49	19,46	19,82	23,23
17	index nákladů na jednotku výrobku 1980/79	115	121	116	123

Key:

- | | |
|-------------------------------------|---|
| 1. cattle--for fattening | 11. other costs |
| 2. better conditions | 12. of which increment stemming from adjustments of economic regulations--total |
| 3. inferior conditions | 13. of which increment of costs for procured fodder |
| 4. increment in 1979-1980 | 14. increase in social security tax |
| 5. a) of costs - total (Kcs/100 FD) | 15. b) per head and day (kg) |
| 6. of which operational | 16. costs of bulk on the hoof in 1980 (Kcs/kg) |
| 7. for procurement of fodder | 17. index of costs per unit of product 1980/1979 |
| 8. for fodder of own production | |
| 9. for repairs and other materials | |
| 10. overhead | |

The growth of costs for fodder produced by the enterprises themselves was decisive for the increase of costs in all conditions, Useful value essentially stagnated in the CSR and slightly declined in the SSR.

The trends in costs and production costs are the same as in milk production.

Hogs for Fattening

The cost per 100 FD increased especially in inferior natural conditions (11 percent). Items listed in Table 17 contributed in particular to the increase of costs.

Table 17

Tabulka č. 17

	1 prasata - výkrm	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979--1980				
5	a) nákladů celkem [Kčs/100 KD]	50	49	69	69
6	z toho pracovních	—5	—	—2	—2
7	8 na nákup krmiv	44	21	72	40
	na opravy a ostatní materiál	6	8	11	8
	9 na režii	—1	7	—4	17
10	ostatních nákladů	6	13	—8	6
11	v tom přírůstek vlivu úprav ekonomických nástrojů celkem	54	60	50	58
12	z toho přírůstek nákladů na nákup krmiv	49	54	44	51
13	přírůstek odvodu na sociální zabezpečení	5	6	6	7
14	b) na kus a den [kg]	0,01	—0,01	0,03	—
	náklady na živou hmotnost v r. 1980 [Kčs/kg]	13,79	13,85	14,26	15,25
15	zisk v r. 1980 [Kčs/kg]	1,11	0,64	1,72	2,61
16	rentabilita v r. 1980 [%]	8,10	4,60	12,10	17,10
	v případě snížení zápočtu diferenciálních příplatků z 90 na 50 %: zisk [Kčs/kg]	1,08	0,62	1,28	1,23
	17 rentabilita [%]	7,80	4,50	9,0	8,10

Key:

- | | |
|---|--|
| 1. hogs for fattening | 12. of which increment of costs of procured fodder |
| 2. better conditions | 13. increase in social security tax |
| 3. inferior conditions | 14. b) per head and day (kg) |
| 4. increment in 1979-1980 | costs of live bulk in 1980 (Kcs/kg) |
| 5. a) of costs - total (Kcs/100 FD) | 15. profit in 1980 (Kcs/kg) |
| 6. of which operational | 16. profitability in 1980 (percent) |
| 7. for procurement of fodder | in case of reduced differential subsidies from 90 to 50 percent: profit (Kcs/kg) |
| 8. for repairs and other materials | 17. profitability (percent) |
| 9. for overhead | |
| 10. other costs | |
| 11. of which increment stemming from adjustments of economic regulations--total | |

Cost increase was decisively affected by the 12.9 percent rise in sales prices of fodder mixes; their material consumption rose only in inferior conditions of the CSR, although this item remains there at the lowest level among the enterprises under study.

Costs increased in all conditions, particularly in inferior conditions, due above all to higher sales prices of fodder mixes which could almost be balanced by increasing the increment in inferior conditions of the CSR. As compared with better conditions, production costs remained higher in inferior natural conditions, however, due to differential subsidies the actual income was substantially higher. High profitability of hog production in inferior natural conditions contradicts the policies stimulating the expansion of cattle-raising and justifies a reduction of differential subsidies from the current 90 percent to 50 percent, as in poultry farming.

Eggs

Their cost increased in inferior conditions of the SSR (20 percent) and in better conditions of the CSR (14 percent). Items listed in Table 18 contributed in particular to the growth of their costs.

Table 18

Tabulka č. 18

	1 vejce	2 lepší podmínky		3 horší podmínky	
		ČSR	SSR	ČSR	SSR
4	přírůstek v letech 1979--1980				
5	a) nákladů celkem [Kčs/100 ks]	10	-1	5	14
6	z toho pracovních	-	-3	-1	1
7	na nákup krmiv	6	-	5	10
8	na odpis slepic	1	-3	1	2
9	na odpis základních prostředků	1	2	-	-
10	na opravy	-	2	1	-
11	na režii	1	2	1	-
12	v tom přírůstek vlivu úprav cen krmných směsí	5	5	4	5
13	b) roční snášky v r. 1980 [ks]	8	32	19	-12
14	náklad [Kčs/100 vajec]	79	81	78	82
15	index nákladů na 100 ks vajec 1980/79	112	96	107	120

Key:

- | | |
|---------------------------------------|--|
| 1. eggs | 10. for repairs |
| 2. better conditions | 11. for overhead |
| 3. inferior conditions | 12. of which increment stemming from adjustments of prices of fodder mixes |
| 4. increment in 1979-1980 | 13. b) annual egg production in 1980 (units) |
| 5. a) of costs - total (Kcs/100 eggs) | 14. costs (Kcs/100 eggs) |
| 6. of which operational | 15. index of costs per 100 eggs 1980/1979 |
| 7. for procured fodder | |
| 8. for depreciation of hens | |
| 9. for depreciation of capital assets | |

Costs increased particularly in procured fodder, with material growth especially in inferior conditions of the SSR where the overall costs and the increment of costs were the highest. Annual egg production increased most conspicuously in better conditions of the SSR and declined in inferior conditions.

The costs per unit of the product were up in all conditions, with the exception of better conditions in the SSR due to higher depreciation of hens, and in inferior conditions of the SSR also due to higher consumption of procured fodder and to lower useful value.

Summary Concerning the Development of Costs of Products

1. The development of costs in the "JZD system" in 1980 was inefficient

--in corn for grain, early potatoes, sugar beets and livestock production in all natural conditions;

--in barley in inferior natural conditions;

--in rye in better conditions of the SSR and in inferior conditions of the CSR.

2. In all analyzed products and in all conditions, the increase of costs was distinctly affected, in addition to adjustments of economic regulations, also by higher costs of repairs, other materials and overhead. Furthermore, considerable increases were reported in the following:

--labor costs of the production of corn for grain and of sugar beets in inferior conditions of the SSR, and of early potatoes in better conditions;

--costs of procured fertilizers,

--in corn for grain due to higher consumption of fertilizers, particularly in inferior natural conditions.

--in rye in better conditions of the SSR,

--the costs of procured seed of corn for grain cultivated in inferior conditions.

3. In cattle products the increase in costs for fodder produced by the enterprises was decisive; only a part [of the increase] was affected here by the adjustment of economic regulation.

4. The increase of costs of hogs and eggs was affected to a major extent by higher prices of fodder mixes.

Conclusions

1. Due to adjustments of economic policies, profits for agricultural production of the JZD increased in 1980 more drastically in inferior natural conditions. Higher costs reduced profitability, which increased only in inferior natural conditions of the SSR in livestock and overall agricultural production. In crop production, higher per hectare yields sufficed to offset increases in the price of fertilizers and in social security taxes in better natural conditions alone. The implemented adjustments of economic policies thus helped reduce the differences in the profitability of livestock production and of overall agricultural production in different natural conditions, although these differences still are considerable. Intensive stimulation of milk production in inferior natural conditions was reflected in the highest increase in market production of milk, however, price incentives unfavorably affected the development of the production of hogs to the disadvantage of the development of cattle for fattening. Grain crops remained the decisive source of profits in better conditions, even of profits for exploitation after the deduction of land taxes. Cattle, hogs and nonagricultural operations were the main sources of profits in inferior natural conditions of the CSR, and nonagricultural operations, milk and hogs in the SSR. Differential subsidies covered the entire profit from agricultural production in inferior conditions and in the SSR also some of the costs.

2. The costs of corn for grain, barley, rye, flax, early potatoes, sugar beets and cattle products marked the highest increase. With the exception of rye and cattle in the SSR, costs rose conspicuously in inferior natural conditions. Roughly 50 percent of the cost increase stemmed from the effect of adjustments in economic policies which determined the increase in the costs of hogs and eggs. In cattle-raising the effect of higher costs of fodder produced by the enterprises themselves and in crop production the effect of higher costs of repairs, other materials and overhead appeared most conspicuous.

3. The trend toward a more rapid growth of costs in inferior natural conditions calls for additional resources, as evident from the roughly 50 percent higher supplementary price incentives in the Sixth 5-Year Plan and other increases implemented starting in 1982. To mitigate this trend, it is imperative:

--to review the deployment of production in terms of advantageous natural conditions for cultivation of corn for grain, sugar beets and hogs;

--to cease stimulating production which is less suitable for inferior conditions; in this context, to identify the prospects for reducing the grounds for the grant of differential subsidies from to 50 percent, as in poultry, and thus of bringing down to an appropriate level the profitability which is here the highest due to the effect of differential subsidies;

--to adapt costs and the needs of profits in accordance with natural conditions.

9004

CSO: 2400/347

TRENDS IN OLEAGINOUS PLANT PRODUCTION OUTLINED

Prague ROSTLINNA VYROBA in Czech No 8, 1982 pp 785-786

[Article by Eng Jaroslav Voskerusa, candidate of sciences, Oleaginous Plant Research Station, Opava: "Concept of Oleaginous Plant Production Development"]

[Text] In the sector of winter rape cultivation--our main oleaginous crop--the period of the Sixth 5-Year Plan was characterized by a targeted transition to a wider application of varieties with a low content of erucic acid obtained mainly from abroad. For the harvest year of 1981, varieties with a lower content of erucic acid were already used for the entire cultivation area in the CSR; in the SSR, the current planting of winter rape is also done exclusively with such varieties. Improved domestic winter rape varieties with a low erucic acid content have been developed and in national testing experiments matched the leading foreign varieties in yields and quality. The principles of intensive agrotechnology of winter rape, including specifications for new varieties and agrobiological controls contained in the UVTIZ [expansion unknown] standards as the result of research work of this period, are widely applied in practice and contributed to the manifest rise of winter rape yields. Economic stimuli used were found fully justified.

In the Sixth 5-Year Plan the planned production of winter rape was met 99.2 percent in the CSR and 81.3 percent in the SSR. In 1978 and 1979, because of adverse weather conditions particularly in the SSR, the production tasks were not met. Reservations in application of proper agrotechnology in its entire profile still exist for subjective reasons. Inconsistent allocations increase the negative impact of adverse weather and shortcomings exist both in the processing and maintenance of the seed.

The sunflower production plan was met only 75.5 percent because the cultivation areas were not retained, particularly in the East Slovak Kraj. There has been a shortage of effective herbicides and repellents. Lack of suitable harvesting adapters has been the source of high losses during harvesting.

The planned production of poppy seed and poppy husks were not met. The main reason was the failure to retain cultivation areas and shortcomings in cultivation technology that is not yet fully adaptable to mass production, including insufficient material base. Profitability at current prices is at a good level and the incentives for growers are handled by resales. Increased prices

of poppy husks and special bonuses provide for improved sales of this product.

The Seventh 5-Year Plan, in the framework of anti-import measures, anticipates a clear growth of oleaginous crop production, which should rise by more than one-half. For 1985, the cultivation goals are, 107,000 hectares of winter rape; 22,700 hectares of sunflower, 12,500 hectares of poppy, and 6,000 hectares of mustard; with a total production: 248,680 tons of rape, 39,500 tons of sunflower, 9,600 tons of poppy seed, 5,300 tons of poppy husks, and 6,970 tons of mustard.

Realization of these production goals requires:

- a. completed allocations of oleaginous crops to the ecologically best suitable regions and their concentration in specialized facilities;
- b. systematic provision of quality seed of winter rape varieties, poppy and mustard and of high-yield hybrid sunflower seed;
- c. consistent application of cultivation technology with maximum support of material requirements, especially herbicides, and mechanization with special emphasis on consistent protection.

In case of winter rape, specifically we must:

--insure cultivation of varieties with a low content of erucic acid on the entire territory of the CSSR, and every year provide for sufficient seed for the entire area planned, giving priority to domestic varieties; and create conditions for accelerated production of the so-called double-quality winter rape varieties; provide for the sufficient supply of winter rape seed with erucic acid content up to 5 percent to be used for interplanting;

--further refine the application methods of chemicals protecting rape especially against dry-pod pests and insure the supply of chemicals for intensive protection against diseases, other pests and weeds;

--if after poor wintering it should be necessary to plow under the winter rape, production of oil-yielding products must be insured by substitute cultivation. Varieties of summer rape with a low content of erucic acid and lower glucosinolates in groats are available.

The processing industry, at present, for objective reasons places high demands on improved quality of winter rape. Current experience has shown that quality changes are usually associated with the decline of basic economic properties and that their rise to at least a standard level will call for relatively long, hard culturing work. The processing industry is asking for the combination of several quantitative changes in the composition of fatty acids (lower content of erucic and linolenic acids and higher of linoleic acid) with a clear reduction of glucosinolates in groats and retention or improvement of basic production characteristics such as, seed yields, high oil content, winter tolerance, resistance, and the like. It is a very

demanding task and has to be understood as a target program and be solved in stages. All these tasks are precisely defined in the subject goal of new cultures of winter rape to the year 2000.

At present, we may state that the problem of varieties with a low content of erucic acid has been solved and in the not too distant future one may expect the use of varieties with the so-called double quality, i.e., a low content of erucic acid and reduced content of glucosinolates. The solution of further qualitative parameters will need a joint effort and cooperation of basic research--the problems of composition adjustment of C₁₈ fatty acids according to the requirements of the fats industry, in contrast to the problems of erucic acid, are much more complex and their solution more remote. Beside biology, the route of technology can undoubtedly help us reach the given goals more quickly.

In the case of sunflower crops, in the districts of the West Slovak Kraj with suitable weather and soil conditions we must earmark an area of approximately 18,000 hectares for sunflower, while in the cultivation areas outside this region only an ecologically suitable total acreage of about 4,000 hectares should be selected and the facilities involved should receive technical means similar to those available in the West Slovak Region. As to the combination of varieties, we should aim at cultivation of hybrids from the socialist countries and select it so that medium early ripening hybrids be used only in the optimum conditions of the West Slovak Kraj; for marginal districts outside the West Slovak Region provisions for cultivation of early ripening hybrids should be such that 10,000 hectares be cultivated in 1985 and that only hybrid seed be used in the next 5-year plan. To insure the planned production of sunflower crop, we must provide the basic materiel and technical base, including the research solution of some problems specific to our country.

To insure the production of poppy seed and poppy husks, in addition to the full coverage of the planned cultivation area, we must improve the quality of seed in all its parameters and insure the steeping process. Control of weeds is a highly important factor; we need to accelerate the search for the most suitable preparations and apply them to the maximum possible extent according to the approved measures, and accelerate the entire process of cultivation and harvesting technology. To insure poppy husk production, emphasis has been placed on the needed finishing and improving of the agrotechnical services of the Slovafarma national enterprise and on the further development of integration relations among the primary production, purchasing and processing industries.

The tasks in the production of oleaginous plants from the viewpoint of oil production, and quality of winter rape in particular, are very demanding and will need the full concentration of all of the branches involved.

9562

CSO: 2400/372

LIGHT INDUSTRY PERFORMANCE IN 1982 VIEWED

Prague HOSPODARSKE NOVINY in Czech 13 Aug 82 p 2

[Article by Karel Bezvoda, CPCZ Central Committee Functionary: "Light Industry"]

[Text] The light industry of the CSSR fulfilled its production plan for the first half of this year by 102.4 percent, which represents a 50.9 percent share of its target for the entire year. The Tatrasklo, Jaloneka Costume Jewelry, and Slovakotex Economic Production Units [VHJ] failed to fulfill their established production targets.

Plan fulfillment improved in comparison with the first quarter, especially at enterprises in the CSR. Nevertheless, the following enterprises must devote increased attention to their tasks: Skutec Botana, the Antonin Zapotocky Plants at Jaromer, and Prague Svoboda. Production shortfalls at these enterprises represent 57 percent of the total shortfall of enterprises which did not fulfill their plans.

The 6-month plan for adjusted value added was fulfilled by all light industry VHJ in the CSSR by 101.6 percent, which represents 239 million korunas of value and exceeds the ideal percentage of the yearly objective of almost 0.2 points. The clothing, leatherworking and glass industries showed particularly good results.

Labor productivity tied to adjusted values added also displayed favorable growth. In fulfilling the plan by 102.1 percent, there was a surplus of Kcs 702 million.

Improving labor force stabilization also had a positive influence on plan fulfillment. CSR light industry was only 478 employees short of the planned number. This favorable evolution must also be maintained in the second half-year and made use of for the further mobilization of intensive development in the production of the desired mix of consumer goods with a view to meeting the demand of both the domestic and the foreign market. This is the proper way of providing for the fulfillment of the marketing plan while simultaneously creating the preconditions for improved efficiency, given limited material, raw material and energy resources. It is precisely here that recent developments in most VHJ have been unsatisfactory and have not reached their planned dynamics.

Assuring the desired structure of deliveries also requires a high level of cooperation between production and commercial organizations, both in the area of market research and in the preparation and introduction of products for sale. Day-to-day experience in the marketing of new products under concrete conditions convincingly prove that it is not solely a matter of the actual development of an excellent product, but also of its appropriate presentation to the broadest possible ranks of consumers with the assistance of pertinent advertising techniques. Concurrently, however, it is essential to make more precise the criteria for evaluating the quality of new products in relation to world standards. It is not an uncommon occurrence for us to assign the highest quality categories to products which then do not stand up to comparison with world specifications.

A systematic comparison of the quality of consumer goods of domestic and, especially, foreign products must be the basic driving force behind the satisfaction of the ever growing demands of our people and an important source of the foreign-currency resources necessary for the further development of our economy. From these perspectives it is also necessary to evaluate the results achieved by light industry in fulfilling the marketing plan. Deliveries to consumer goods inventories expressed as wholesale prices were fulfilled 102.9 percent in the CSR, while maintaining the average percentage of the annual target. SSR light industry fulfilled its target 103 percent, but fell 1.7 points short of its half-year percentage. A delay in the retail prices established by the plan is a negative phenomenon, making the ratio of wholesale to retail prices an average of one point lower. Retail price plan targets are being met and exceeded by the following: Tatrasklo, Sklo Union, Karlovarsky Porcelan, the linen, wool, clothing, and graphic arts industries.

Light industry has shown good results in the fulfillment of its export targets. CSR light industry fulfilled 56.7 percent of its objective for exports to the socialist countries, and SSR light industry fulfilled 65.6 percent of its target in the same area. Nevertheless, increased attention must be devoted to an improvement in the efficiency of exported goods, because more than 3 percentage points are lacking in the fob prices of the plan. More than ever before it is necessary, in commercial dealings and trade negotiations, to adhere consistently to the principle that both the increase in raw materials prices and product quality must be appropriately valued in the agreed upon price with a foreign customer. The relatively high dependence of light industry on imported raw materials and inputs, the value of which represents almost a third of the value of the produced goods, requires that we come to terms without exception with the requirements of export efficiency. In evaluating the concrete results of the efficiency of the exported product mix, it will also be necessary to use to a far greater extent average kilogram price, which is one of the few synthetic indicators which reflects the technical, economic and commercial performance of exports of a certain type of product.

It follows from world statistics (from the OECD) that until 1978, for instance, of all light industry sectors the textile industry achieved the highest level of export kilogram prices; 60.8 percent. The decline of these prices by almost 10 percent since 1975, however, must make us think. In the textile

yarn and thread group, the CSSR prices are among the lowest (\$1.58 in 1978). For cotton fabrics, only Yugoslavia shows a lower kilogram price than the CSSR, while the GDR and the People's Republic of Hungary had 8 and 15 percent higher prices respectively in 1978. Growing crisis influences in the economies of the capitalist states, the concurrent development of the international political situation, and a number of discriminatory measures directed against the socialist countries are causing several problems for our trade relations. But this does not mean that it is impossible to make use of experiences from the implementation of our own production on world markets for the evaluation of commercial and production activities, the quality of the work of research institutes and of the organizations assuring production preparation.

It is essential, precisely for these reasons, to devote increased attention to the development, and an increase in the quality, of the inventor and improvers movement, which is one of the important resources for the further intensive development of light industrial production. The past year has indicated that we have some ground to make up in this area.

In the resolution of all the operational problems connected to the assurance of planned objectives in the first half-year, increased attention has been devoted to a further increase in the quality of the organization and management of the production base of light industry, by constructing the VHI organizational structure as the fundamental management element. It is necessary to assure that the objectives of centralization have been organically linked with an improvement in the decisionmaking process and an increase in the quality of the managerial staffs themselves. We know from experience that especially in a transitional phase such as we are facing at the present time, it will be necessary to resist various unhealthy trends leading to an increase in the administrative demands on management, to formalism in approaches to the organization of management, and thereby to a reduction in the efficiency and the flexibility of management. The fundamental precondition leading to the overcoming of the above problems must be properly conducted politically organizational and personnel work and an increase in the quality of the qualification structure of the managerial elements of general directorates.

In this regard, Lenin's words are appropriate in emphasizing the quality and efficiency of the administrative work of managerial employees: "...employees in positions of responsibility do not realize that their attention must be centered today on the struggle against a sea of paperwork, that the priority task of today is not decrees and reorganization, but the choice of people charged with personal responsibility for what occurs, and the control of actual work. Otherwise we will never free ourselves from the bureaucratism and the paper pushing which is strangling us."

9276

CSO: 2400/344

HARD CURRENCY INCENTIVE METHOD ADJUSTMENT PUBLISHED

Prague HOSPODARSKE NOVINY in Czech 10 Sep 82 p 4

[Article by Jaroslav Rod, Czechoslovak State Bank, and Lubomir Hejl, Federal Ministry of Finances]

[Text] The periodical HOSPODARSKE NOVINY published in the supplement of its issue No 14/1981 a decree of the Federal Ministry of Finances [FMF] and the Federal Ministry of Foreign Trade [FMZO], No 12/1980 of the FMZO VESTNIK [GAZETTE], on foreign-exchange incentives for exports and imports of commodities, investment units, for signing active license agreements and similar agreements, and for procurement of services in foreign countries. This decree has been revised by FMF and FMZO Decree No 4/1982. The revision reacts to experience gained in the first year of application of principles established in the Set of Measures for the purpose of stimulating acquisition of foreign currency. It also reacts to certain changes which have taken place since that time.

The economic effectiveness of foreign-exchange stimulation is currently under study, and on the basis of data gathered in the process of evaluating the results achieved, the Federal Committee for Questions of Planned Management has outlined its further development trends. This action was based on the task formulated in CSSR Government Resolution No 195/1981, which contained instructions to continue increasing the economic effectiveness of this special purpose instrument of the balance of payments. The revised decree also reflected certain new elements in harmony with measures taken according to CSSR Government Resolution No 329/1981.

Comments Made by Enterprises

In preparing the revised version of the decree, attention was centered mainly on the application of comments and proposals of enterprises resulting from practical application of the system, and on intensification of the system's effectiveness in the process of influencing the behavior of the enterprises in the interest of bringing about a positive development of the balance of payments. One of the goals was also to simplify the conditions for computation of shares and granting of claims based on foreign-exchange interests and expansion

of the area where foreign-exchange stimuli are effective to include additional activities in the field of foreign trade, activities which either have not been regulated at all as yet, or have been regulated in a different manner.

The comments made by enterprises concerned particularly disharmony between the orientation of individual items of stimulative contributions to the balance of payments and the condition of implementing export tasks in terms of wholesale prices. The combination of a stimulative item with a specified condition often had undesirable effects. It was so especially in cases of production which was demanding in terms of foreign currency and utilized mostly imported raw materials and other materials for production purposes. As a result, situations were created in which efforts to fulfill export plans led to growing demands for imports. Cases were discovered in which opportunities to replace imports with less expensive domestic raw materials or more suitable domestic materials were not used because export tasks determined in terms of wholesale prices would not be fulfilled, even though they were being fulfilled and exceeded in terms of fco Czechoslovak border prices.

It was also often criticized that foreign-exchange stimuli concentrate on the intermediary element of management, that is, on the VHJ [economic production units]. As a result, enterprises which had failed to fulfill their overall planned tasks were deprived of the benefit of foreign-exchange stimuli, even when any of their subordinated enterprises did fulfill the tasks. Both these rather urgent comments were taken into consideration in the revised decree. In addition, the new revision also increased at the same time the effectiveness of the entire system, and the system was simplified.

All these changes have been incorporated in the revised decree on the basis of the resolution of the 39th session of the Government Committee for Questions of Planned Management of the National Economy, the purpose of which was to increase the economic effectiveness of the entire stimulative system in the interest of strengthening the concept of planned management of the development of the balance of payments.

Organizations Other Than Those Dealing With Commodities

The publication of the FMF and FMZO Decree No 4/1982 of the FMZO VESTNIK was also used to make sure that the system of foreign-exchange incentives now in effect would also include the stimulative regime used for foreign-trade organizations which are active in areas other than trade, and also the regime designed to stimulate the interest of enterprises in signing and implementing agreements on economic cooperation with foreign countries. These two types of regime do not represent new solutions which would not be known to the corresponding organs. Nevertheless, they are becoming part of the norm which has at present an obligatory legal form, and consequently they are getting into the broad area of awareness by the enterprises.

The regime for foreign-trade organizations other than those dealing with commodities, or organizations authorized to engage in foreign-trade activities, is based on the principle that a positive foreign-exchange balance of receipts and expenditures of an organization for a given planning period is a contribution

to the balance of payments. Then, from the viewpoint of the plan, it can only be a question of a contribution to the balance of payment in excess of the plan, and consequently a positive difference between the actually achieved and planned balance account of receipts and expenditures in terms of foreign currency. This regime is applicable for the time being only to those organizations which do not handle tasks determined by the plan of material exports or imports, those which provide services or handle special assignments in the area of external economic relations.

The regime of incentives designed to stimulate the development of economic cooperation with foreign countries was set up by CSSR Government Resolution No 284/1982 to provide remuneration for an organization which were to achieve an active balance in the account of a cooperative agreement with foreign countries after the agreement has been in effect for 3 years. This regime was also transferred without change in the system of foreign-trade incentives currently in effect.

Strengthening of the Regime's Purpose

One of the most relevant problems being dealt with operationally in the revised decree in connection with the task based on the CSSR Government Resolution No 329/1981 is the problem of strengthening the purpose of using claims based on foreign-exchange incentives. In the future, it will be possible to use these foreign-exchange claims particularly to pay for imports used for investments, completing equipment, consumption used for production purposes, or other reasons which are indispensable in order to take care of export tasks, or which will provide for fast returns of foreign currency spent for the given means. A minimum of 90 percent of the granted foreign currency must be used for the given purpose. This measure is designed to significantly increase competitive production for export or to bring about purposeful savings of imports. On the whole, it reinforces the special-purpose function of foreign-exchange incentives designed to stimulate the gradually improving development of the balance of payments.

A new measure has been introduced making it obligatory for account owners to plan the use of claims based on foreign-exchange incentives. The decree provides for a specific procedure, according to which the Czechoslovak Commercial Bank must be informed at the beginning of the planning period about the use of amounts in excess of Kcs 100,000, with indication of the date by which the amount is expected to be used. If the organization does not comply with this condition, or if it does not inform the bank at least one-half year in advance that it plans to use the amount, it cannot use claims based on foreign-trade incentives to pay for the given imports with foreign currency.

The purpose of this revision is not to restrict the right to dispose of foreign-exchange claims, but to induce the organizations to use this right in a planned manner. And also to create at the same time such conditions that the regime of foreign-exchange incentives would become an accounting item in the preparation of the state plan, so that foreign-exchange stimuli would generally become not only a special-purpose balance-of-payments tool, but also part of planning of the national economy as an item of the balance account. This creates condi-

tions for the system of foreign-trade incentives to become an element of the foreign-exchange plan as well. However, it will be possible to do that only after certain measures are worked out in other areas.

More extensive revisions seem to be carried out in the area of imports, because titles for foreign-exchange claims are undergoing basic changes. However, the basic idea of stimulation in this area remains actually unchanged. In the future, organizations will be remunerated for savings of imports in relation to the planned volume. The only thing which is changed is the method of computation and the corresponding amount of the share of foreign-exchange incentives. The given revisions represent a certain simplification as a reaction to the comments made by the enterprises from the viewpoint of the demanding procedure needed to determine basic data used to compute the ratio.

The decree itself consists of two articles. The first article summarizes all changes in the wording of individual provisions of Decree No 12/1980 of FMZO VESTNIK. This is done in the form of superceded texts or cancellations and amendments of individual provisions. Changes concern especially exports of commodities in the form of piece goods and bulk goods. When they pertain to VHJ, they are given in sections 6, 7, 8 and 10 (second part of the basic Decree No 12/1980 of the FMZO VESTNIK) and analogically for OZO [foreign trade organizations] in sections 12, 13 and 14 (third part of the basic decree). A new provision is inserted for OZO which do not handle commodities.

Other changes are made in the provisions on imports (Part Five of the basic decree), where sections 25 and 26 are abolished. Section 27 is replaced with a new text. A revision was also made in Part 8 of the basic decree, which now includes rules on foreign-exchange incentives concerning the development of economic cooperation with foreign countries. The greatest change was made by the revision of Section 45 (in Part 11 of the basic decree), which regulates the application of foreign-exchange claims.

On the other hand, no changes have been made in the rules on foreign-trade incentives concerning export of investment units according to Part 4 of the basic decree, and incentives concerning the use of industrial ownership, specifically inventions, innovation proposals, industrial models and trademarks according to Part 6 and Part 7 of the basic decree. Part 8 includes now provisions on the regime of foreign-exchange incentives concerning participation of production organizations in international division of labor in the form of economic cooperation with foreign countries. Minor adjustments have been made also in Part 8 which ensue from experience and findings, but these do not change the overall character of the stimulative measures.

There are no amendments in Part 9 of the basic decree revising foreign-exchange incentives concerning specialized organizations of the United Nations, or in Part 10 pertaining to foreign-exchange benefits of authors and coauthors of inventions, innovation proposals, and industrial models.

Approach to the Balance of Payments

The revision of the regime of foreign-exchange stimulation reacts to the changing conditions in the external economic relations of the Czechoslovak economy for the time being merely by making changes which will be effective only this year. This revises the original intention, according to which the regime of foreign-exchange incentives was to remain in effect during the entire period of the Seventh 5-Year Plan. This regime was based on the Set of Measures formulated during the last years of the previous 5-year plan. CSSR Premier Lubomir Strougal pointed out right at the time the plan was announced that in the area of foreign trade in particular the principles of the Set of Measures represented only the first step, after which other steps would have to follow.

The development of the world economy has advanced further since that time, and it is logically necessary to adjust operationally the system of planning and economic instruments which have taken place since then in such a way that it would have a positive effect on the entire course of the national economy. In this respect, the CSSR Government has outlined in its Resolution No 329/1981, among other things, a certain change in the present orientation of the system of foreign-exchange stimuli. It issued instructions that starting in 1983 the regime of foreign-exchange stimuli be oriented more to accepting higher tasks in the export plan and to more purposeful and more rational economic management in the area of imports.

The implementation of the plan requires that foreign-exchange stimuli, instead of being a special-purpose balance-of-payments instrument with a relatively limited range of effect, as they are now, become part of the planning system. Therefore, it involves a change of a more basic nature, which should convert an economic instrument with so far a marginal effect into one of the factors of the planning mechanism. At the same time, its position should correspond to the role of the balance of payments, a role which it should play under the present conditions of the development of the national economy.

Experience shows that especially in the case of states which are integrated to a high degree in the international division of labor, the balance of payments is a determinant of positive development of the entire economy as far as its planned and actual development is concerned, and the same applies to the function of its economic instruments. That is why it is absolutely necessary to assign to foreign-exchange stimuli or, more generally, to the instruments of the balance of payment, one of the foremost places not only in the methodology of the plan, but in the entire economic mechanism. As a result of the evaluation of this position of the balance of payments in the process of development of the national economy, the present orientation of foreign-exchange stimulation is being abandoned in favor of a process of exceeding the planned tasks in export, or in favor of a process of achieving savings in imports, savings as conceived in their basic concept. Future revision of the present system considers the possibility that the organizations to be remunerated will adopt and implement the idea of achieving a higher increase of exports as compared to the nationwide increase or the average increase planned in the branch of the economy. This orientation will be developed into an economically effective system in the interest of further strengthening the methodology of the plan and thereby of

the entire planning process. This reorientation will also include planned formation of resources to cover future foreign-exchange claims with foreign currency. The idea of it is that the existence of this system alone will functionally create conditions for planned acquisition of resources.

The balance of payments is a product of the current receipts and expenditures in foreign currencies, and consequently its status and development depend on the payments and not on the material handling of individual commercial cases. Material flows merely establish prerequisites for payments. The conditions of payment related to the flow of material are merely a factor of the balance of payments and predetermine its development, specifically in terms of receipts and expenditures. That is why it will be necessary in external economic relations to switch from the area of material transactions and to concentrate mainly on the area of payments. The balance account approach and its relationships are nothing new in terms of payments, but what is new are the conditions which operate in external economic relations.

One can observe in recent years a trend of growing space between material transactions and payments, naturally in the area of freely exchangeable currencies. This trend is accompanied by an increasing inflation rate, uneven development of individual countries and, consequently, instability of the rate of exchange. To put it briefly, this is due to a change in the political and economic conditions in the world. If this trend continues, direct relationship to payments, which means collection of cash payments, have to be considered under the present conditions to be the target solution of the system of foreign-exchange stimulation. However, in order to do that, it will be necessary first of all to create the necessary prerequisites in terms of accounting and return statements.

The process of outlining this goal is not an end in itself, but it is dictated by the external conditions of the world economy. Consequently the priority status of the balance of payments requires logically that this fact be respected commensurately in the system of planning and management. Experimental verification of the necessary functional conditions in selected VHJ and OZO units will be an appropriate implementation of the task. It will also provide the necessary basic material for a broader application of this principle in the entire system of stimulation and eventually in the related areas of the planned management of the national economy.

5668

CSO: 2400/385

CZECHOSLOVAKIA

BRIEFS

IRRIGATION EQUIPMENT FOR AFGHANISTAN--Czechoslovak machinery and equipment will be provided for reconstruction and maintenance of irrigation facilities on Helmad Riven in the Helmad Province of Afghanistan. [Prague ZEMEDEL'SKE NOVINY in Czech 6 Oct 82 p 2]

CSO: 2400/11

PROBLEM OF INVESTMENTS IN ECONOMIC STRUCTURE REVIEWED

Warsaw POLITYKA in Polish 21 Aug 82 pp 4, 5

[Article by Teodor Wernicki: "Reflections on Investments"]

[Text] Until recently, a rich capital investment front was synonymous with economic development. This is not difficult to understand—it was our wish to overtake Europe and the world. The constant effort to increase the pace of industrialization created a mental pattern: invest more, overtake sooner. This took its revenge on us in the 1970's when, as though on the basis of this pattern, we came to neglect elementary economic laws. As a result, capital investments not only ceased to fulfill the role of a driving economic force but became its deterrent and the chief source of crucial procedures.

The worst can be remedied. In the mid-1970's when overinvestment was already evident in the economy, it was enough to initiate strict remedies or at least avoid plunging into any new, surrealistic capital investment concepts whatsoever. We well remember that loudly proclaimed "economic maneuver," which imposed limitations on certain capital investments then in force and even temporarily restricted them, but at the same time initiated an impressive number of new, unusually capital-intensive investments, such as Polkolor and Ursus II.

To tens of thousands of scattered building sites, they added thousands of new ones, given with the stamp of priority. In effect, the extent of the capital investment front was not only not diminishing, but on the contrary it was actually growing. Under the guise of "changes in the march," there followed virtually a doubling of very murderous capital investment involvement.

One of the consequences of the August shake-up was the exposure of the entire humbug of "economic maneuver." The capital investment decline following the Gierek-Jaroszewicz team appeared to be shocking: 21,500 scattered investments at an enormous cost-estimate value of 2.85 trillion zlotys! At the end of 1980, the cost-estimate value of capital investments in the process of implementation was found to be 2.9 trillion zlotys. This was twice as much as in 1975, while national income increased by a mere 47 percent during the same period. The completion of these capital investments required outlays in subsequent years of 1.292 trillion zlotys, including 450 billion for the year 1981.

Economic Capabilities

Economic capabilities in the area of capital investment--determined by the extent of national income and actual economic conditions--at the beginning of 1981, amounted to 320 billion zlotys (capital investment in construction) and subsequently, as a result of intensifying economic difficulties, were reduced to 270 billion in the second half. Even the assumption, which is unrealistic in practice, of refraining from all new capital investments and directing total outlay to the implementation of ongoing capital projects, meant that at least 5 years would be required for their completion.

The only way out was to halt continued capital investments and concentrate the modest resources on the completion of structures in those areas recognized as first priority or those providing the quickest results. On the basis of a related November 1980 cabinet resolution, the implementation of approximately 1,500 capital investments, with a total cost-estimate value of 430 billion zlotys, was to be restricted during the balance of that year [1981] and the following year. These decisions, however, met with stiff resistance from economic administration sources, local authorities and management, as well as industrial personnel. The propaganda of success bore fruit. In many instances, under the pretext of insuring construction, work was continued in that field. In summation, the real scope of restricting capital investment appeared insufficient.

In early September 1981, a ban was introduced on the resumption of all capital investment commitments associated with construction work. But even earlier, at the beginning of August, Premier Zaruzelski called a special group to conduct a detailed analysis of the condition and purpose of all capital investments then in force, as well as to introduce motions concerning their further fate.

The first phase of the group's work was concluded last autumn. The proposals formulated in the meantime became the foundation for the cabinet's December resolution No 279 relative to the application of given capital investments to actual feasible economic enterprises--and hence restrictions on subsequent construction.

However, the results of this phase of the group's task did not fulfill the expectations dictated by economic realities. The current feasibility of capital investing requires a restriction on the implementation of at least half of existing investment commitments, and the above-mentioned resolution does this for only a third. The justification is to be an accepted principle, that further verification of capital investments is to be accomplished in enterprises that--aside from a few exceptions to which I shall return--will simply not be in a condition to "repurchase" the buildings under construction. And this is to be that investment eye of the needle for enterprises representing up to 70 percent of domestic capital investment activity.

The second phase of endeavor was completed by the governmental group in April. The time had come to designate which capital investments withheld at that time should be renewed at a later date, which should have their designation changed and which are to be definitely abandoned. The results were incorporated in the subsequent cabinet resolution (No 125) dated 31 May 1982.

What To Do With Restricted Capital Investments?

This resolution actually attempts to provide an answer. Unfortunately, it is not exhaustive and clear. But is such a reply, in our distorted condition, with so many unknown quantities, generally possible? In any event, the resolution ultimately creates an opportunity to introduce order into capital investments. It is, therefore, necessary to clearly understand that further evasion of fundamental decisions regarding restricted capital investments would be nothing other than a continuation of the capital investment policy of the 1970's, despite any verbal detractions to the contrary.

The resolution comprises a nominal list of restricted capital investments divided as follows: temporarily restricted and expected to be renewed after 1983 (27 capital investments with a cost-estimate value of 147 billion zlotys); capital investments for enterprises and budget units whose rigid renewal is considered to be justified (79 capital investments worth 55 billion zlotys); capital investments proposed to be finalized following a change of objective or designation (74 capital investments worth 37 billion zlotys); and, finally, capital investments subject to cancellation (116 capital investments worth 129 billion zlotys).

In view of drastic regulations recently introduced on the financing of capital investments through banks, numerous decisions will call for the inevitable cancellation of existing investment enterprises with a cost-estimate value not exceeding 50 billion zlotys, and because of this distinction they are not subject to analysis by the aforementioned government group and are hence not represented in the lists annexed to resolution No 125. With reference to them, the resolution anticipates that decisions to cancel require the consent of the founding organ in agreement with the minister of finance. In this instance, it is quite difficult to speculate on the intentions of the legislators; in any case, the fact remains that this procedure stands in contradiction to the principle of business independence and is an expression of mistrust, as it were, of the effectiveness of economic mechanisms for reform.

Restrictions on renewing business investments will not pertain to those (temporarily restricted) whose implementation will depend on their own resources or acquired foreign credit. This measure could even inspire hope, were it not for the fact that business does not manage its own investment resources (hitherto it received them by "allocation"); however, the acquisition by business of foreign credits can be taken into account only at that point when the Sejm's statute discussions--which for many months were mainly involved with companies that had a share of foreign capital--finally sees the light of day and creates sufficiently encouraging conditions.

The need for company laws is no longer questioned; it will not set any precedent. Such legal controls are already in force in the socialist countries of Bulgaria, Hungary, Yugoslavia and, recently, China. The issue of the ratio of contributions supplied to a company--in legal terms--by foreign organizations [plants and equipment], compared with those provided by domestic organizations has provoked numerous controversies. In the drafting of company laws to which I had access in the Commission on Planning, this matter was handled as follows: "The total value of contributions to the assets of a company by domestic organizations should exceed the value of the contributions from foreign sources."

This subject merits separate treatment. One thing, however, is clear from the start: the laws pertaining to companies will make sense only if they generate a basis of interest for foreign partners in a form of cooperation with Polish enterprises. It would not be incorrect at this point to mention that Bulgarian legislation permits the contribution of foreign organizations to exceed 50 percent of the company's assets, though in spite of this, the Bulgarians are not swamped with offers. It is worth knowing in this regard that the contributions of Polish enterprises to companies could be those capital investments that qualified for cancellation, along with the equipment assembled for them.

Such a likelihood exists. In Warsaw's ORGBUD, for example, I came up against an offer by a Polish firm, Amepol, which was seeking, among others, a production organization to complete a minimum of 1,000 square meters of space. It is true that Amepol operates in reliance on the Polish statute actually passed by the Sejm and pertaining to limited production; however, the scope of the needs submitted--in addition to those of Amepol--proves that the possibilities for transforming unsaleable investments into trumps is completely real, though obviously subject to a realistic approach in the determination of a legal basis for such proceedings.

Now, to conclude the subject of companies, I shall add only that contrary to the usual notions, it is not a matter here of attracting partners exclusively from the Western countries. The likelihood exists, sometimes very substantially, of collaborating on this basis with firms from socialist states. There also exists a favorable climate. The 7 August bulletin of the government presidium reveals the following: "It is recommended that interested economic components obtain the participation of socialist countries in the mutual application of restricted capital investments."

It was not by accident that I chanced on ORGBUD. The last cabinet resolution treated the matter of restricted capital investments as follows: "The Institute for the Organization, Disposition and Economics of the Building Industry [ORGBUD] will function as a center for information and advice in capitalizing on cancelled capital investments or those whose material designation is expected to change, as well as participation in the association (...) "Bomis" [as published]--the supply of machinery and equipment accumulated for these investments." ORGBUD is reimbursed for its services. Furthermore, the institute receives a subsidy of 3 million zlotys from the central budget for its organizational work.

And so it is well that a place finally was found where interested investors, both domestic and foreign, will have access to the inventories of the investment policy of the 1970's. Apart from this, one can only express astonishment that with all the means available to the long-standing functioning institutes, not one felt obliged to systematically assemble elementary data on or even generally manage restricted capital investments. And now, as had been the custom, it is necessary to determine everything hurry-scurry from the beginning with an added burden on the national budget.

Let us optimistically assume that after a 3- to 4-month period this "data bank" on cancelled capital investments and those qualifying for a change in designation was completed. Could one expect it to be besieged? As of now there is little to indicate this. Primarily, those potentially interested are unaware that at ORGBUD such a "bank" is being started. Resolution No 125 itself reached those who are interested a month late. In early August, ORGBUD handled information on hardly one cancelled capital investment. As a matter of fact, in an interview with TRYBUNA LUDU, Professor Werner from ORGBUD said he expects it to handle information on thousands of investments of this type, but at the moment one will have to wait a while because now, as rarely before, time means money, which possibly can be recouped from the deteriorating walls and machinery.

When the data bank of ORGBUD is eventually ready, the information available in it should go beyond the walls of the institute in the form of a suitable folio book to be placed, as I see it, among others on the desks of trade advisors in our foreign outposts and perhaps in the briefcases of personnel at headquarters and foreign trade enterprises engaged in investment exports. There is only one stipulation: this information must be truly complete and provide reliable data.

Time Is of the Essence

Every day of stagnant investments without a terminable specific future is an additional burden to the economy. Losses stemming from restricted capital investments in turn have their origin in deteriorated buildings, rooms and walls deprived of roofs. Significantly greater, although it is difficult to estimate, are losses generated by decreased capitalization of technological equipment assembled for factories that have been erected. Even the most modern machinery and equipment, after several years of awaiting installation, become obsolete--"morally wasted."

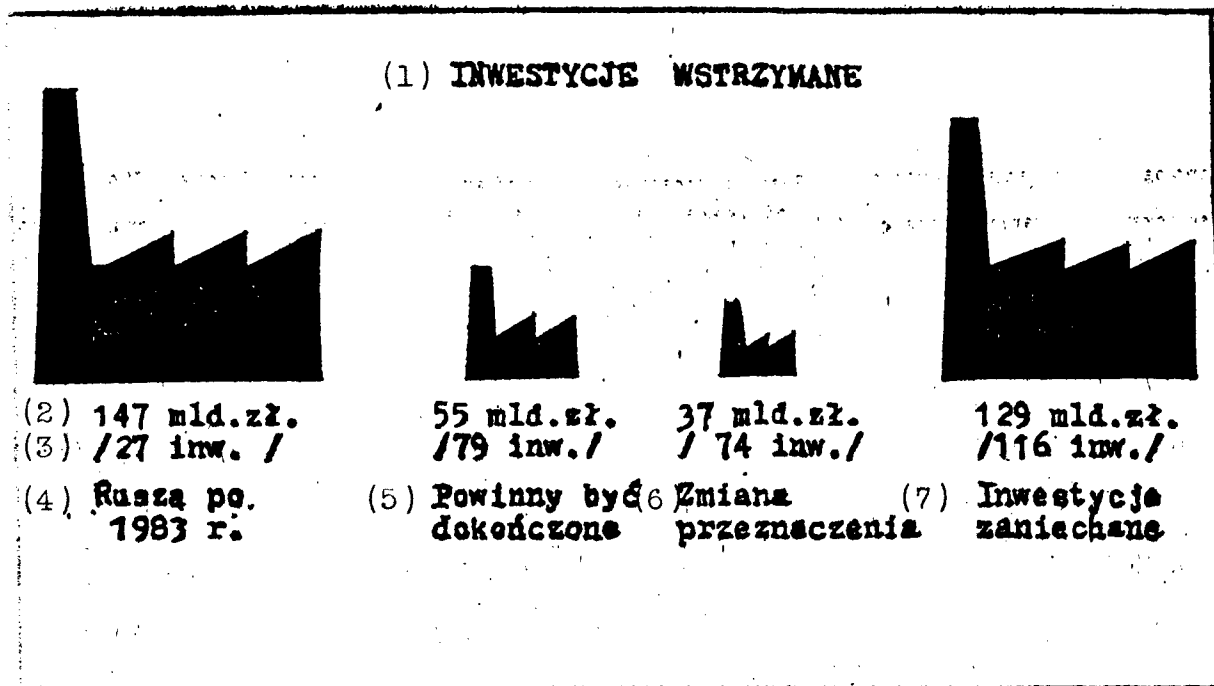
Products produced by them are not modern, not competitive. This is a problem the disregard of which will increase the cost of extricating oneself from crisis. If we wish to begin the process of overcoming our foreign indebtedness, however, we must preserve our possibilities for producing products suitable for profitable marketing abroad.

Numbers are the best evidence of the scope of this problem: the total value of heretofore unutilized machinery and equipment for restricted investments

amounts to 67 billion zlotys, including 44 billion from imports. This machinery must be immediately installed in operating factories or exported.

If we are to find the shortest possible way to alleviate the crisis, every investment activity must be subordinated to the objective laws of the economy. It is not without cause that I write thus. This year's total investment outlays are to amount to 432 billion zlotys, the smallest amount in several years. However, this is not disturbing; it is really an economic fact, fact in the structure of planned outlays. When analyzed from the related angle of three fundamental groups--home construction, investments in enterprises and central investments, it appears that the latter are definitely preferred and consume up to 40 percent of the total resources at the cost of enterprise investments; but in practice these were blocked. For among them only those providing production before the end of December were considered eligible to receive credit, in view of the compulsory criteria of the current year; next year, only investments in the so-called food block and those conserving energy and fuel can be completed. Presently, it seems evident that enterprise investments, especially for modernization purpose, guarantee the most rapid turnover of resources and can most effectively help in adjusting the economy to the changing situation, such as the supply situation.

In the investment activities, it is possible, as in a mirror, to read the truth about the condition of the economy and the changes taking place in it--as well as the reforms. It is worthwhile to look closely into this mirror.

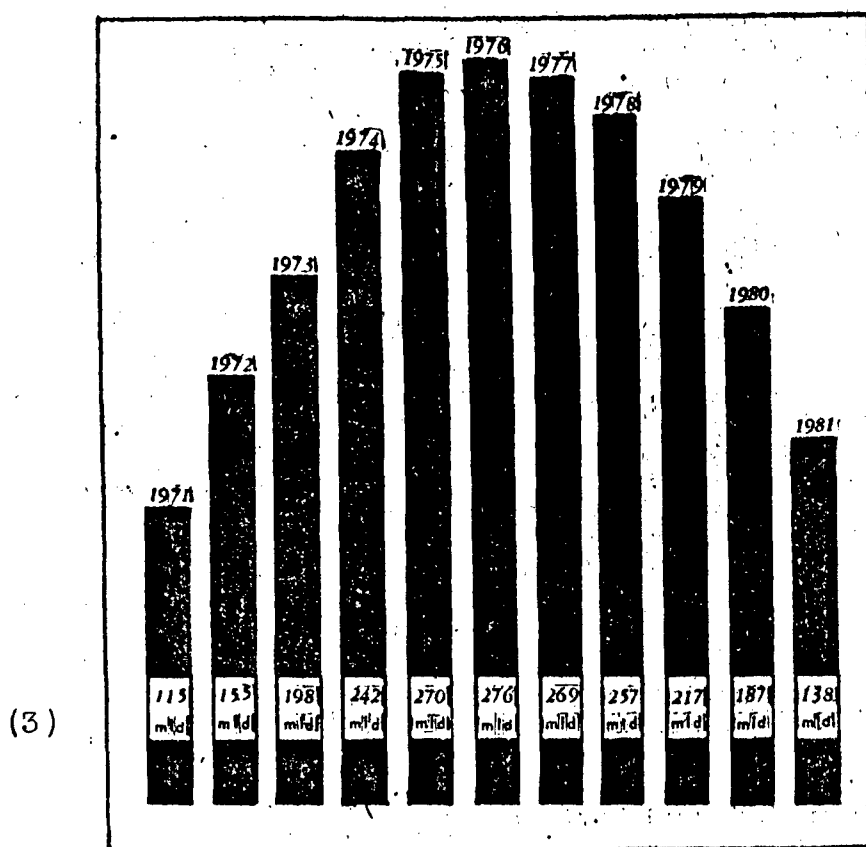


[Key on following page]

Key:

1. Restricted Capital Investments
2. Billions of zlotys
3. Capital investments
4. Effective after 1983
5. Output to be completed
6. Change in designation
7. Investments cancelled

- (1) Nakłady inwestycyjne na przemysł w latach 1971-1981
 (2) (w cenach stałych z 1.1.1977 r.)



Key:

1. Investment Outlays for Industry During the Years 1971-1981
2. (in stable prices as of 1 Jan 1977)
3. In billions of zlotys

9951

CS0: 2600/886

BASIC ASSUMPTIONS OF 3-YEAR PLAN ANALYZED

Warsaw ZYCIE WARSZAWY in Polish 2 Sep 82 p 3

[Article by Czeslaw Skowronek: "On the 3-Year Plan--the Decisive Factor"]

[Text] Supplying the national economy with adequate quantities of fuels, raw materials and materials is at present and will remain in the future one of the most difficult and complex economic problems. It ensues from several essential factors:

--the limited possibilities of investing in the raw materials complex, connected with the present large-scale freezing and commitment of the investment outlays;

--negligible possibility of increased imports, resulting from the balance of payments situation;

--the necessity of maintaining a high level of exports of fuels, raw materials and materials, because it is a particularly important source of foreign exchange, for which it is practically impossible to find a substitute.

For those reasons, the increase in supply, both from domestic sources and particularly from abroad, of fuels, raw materials and materials to meet the requirements of the national economy cannot be of any significant magnitude. This means that while projecting the rate of growth of the national economy we have to take into account this objectively existing restrictive factor. There are two realistic ways of meeting the fuel, raw materials and materials needs: 1) to increase their domestic output and their imports; 2) a more rational utilization of such resources available at the moment in order to produce as large as possible quantities of end products for the needs of the domestic market and for exports.

The development of the national economy until now has been primarily based on increased production as well as increased imports of fuels, raw materials and materials. The efficiency factor has not played any significant, binding role. In the decade of the 1970s, a 1 percent increase in the national income required a 0.8--0.9 percent increase in outlays for both fuel and energy and raw materials and materials.

The published versions of the stipulations of the National Socioeconomic Plan till 1985 and the preliminary premises till 1990 seem to recognize fully the decisive role of the growth of efficiency of utilization of the material, fuel and energy resources for defining the rate of growth of the national economy and improving the efficiency of management, as well as for the implementation of the social aims of development. The following inter-relationship has been established: By 1990, that is in 8 years an increase of about 40 percent in the industrial production is possible (compared to the 1982 anticipated performance). At the same time, the available estimates and computations indicate that the supply of the 40 basic raw materials and industrial materials, originating both from domestic output and from imports, could grow by some 19 percent during the same period. This means that over 50 percent of industry's growth should originate in a more rational use of the material resources.

The Theoretical Possibilities

At least two basic problems ensue from the above presentation. First, are the accepted premises realistic, given the past results of the efforts to improve the efficiency of economic management and the existing reserves in this area? Second, what methods would ensure the assumed proportions of industrial growth and the improvement of efficiency of economic management?

I will try to address these problems, with a reservation that the answer cannot be complete and explicit since there are many unknown elements involved. I also do not possess the full range of information and quantitative analyses. In addition, the complexity of the problem prevents viewing it on the basis of figures presented by the alternative drafts of the plan. Many groups of raw materials and materials stand out because of their specific characteristics, and this would require a separate and specific analysis for which there is no room here. Out of necessity, we are limiting our discussion to the more general problems and trends.

The basic issue is the extent to which the assumed improvement of the efficiency of material resources utilization is realistic. If only our domestic experiences were considered we could have concluded that hitherto we have not achieved such improvement in any period of development of the national economy. The only possible exception is the period 1971-75, when the energy-intensiveness of the generated national income declined some 25 percent (while the generated national income grew 59 percent), but in the years 1975-80 it had already risen 16 percent, and an additional 6 percent in 1981.

The latest research by the Academy of Sciences of the Soviet Union pertaining to the structure of construction-materials use (steel, nonferrous metals, synthetic materials) in the European socialist countries has conclusively confirmed the high level of production's materials-intensiveness in Poland and this country's decisively worse situation in this respect in comparison with all the socialist countries. I will not make any comparisons with the developed capitalist countries, because seen against such a background our level of effectiveness of utilization of material resources looks particularly unfavorably.

Thus, in 1979--100 being the year 1970--the use of steel per unit of national income (per million rubles) had declined only 8 percent in Poland, 38 percent in Bulgaria, 28 percent in Hungary, and 18 percent in the GDR and Czechoslovakia. The socialist countries' (excluding the USSR) average indicates that a 1 percent increase of national income required a 0.6 percent increase in the use of steel, while in Poland it required a 0.9 percent increase. We can conclude, therefore, that the progress in our economy was minimal. We should also consider in our evaluation the level of use of steel per unit of the national income. With 100 being the level of use of steel in Hungarian industry (since it is characterized by the lowest level of steel use), in our country the use of steel is 183, in Bulgaria 104, in the GDR 152, and the socialist countries' average is 163. The Polish economy's characteristic feature is also the lowest index of use of synthetic materials. If the level of their use in 1979 for Hungary was 100 (also per unit of national income), the index for Poland is 63, for Bulgaria 126, for the GDR 155, and for Czechoslovakia 174.

Our unfavorable indexes of production's energy-intensiveness and materials-intensiveness have further deteriorated in the years 1980-82 as a consequence of the familiar developmental conditions. What then are the realistic possibilities of improving these ratios in the near and distant future? The prognoses stipulate, for example, that use of steel in the socialist countries till the end of this century should rise at the rate of 0.2--0.4 percent per 1 percent of growth in national income. In their plans for the years 1981-85, most of the socialist countries already assume that they will achieve the planned rate of growth of national income with the use level of fuel, raw materials and materials remaining on the 1980 level, or a not much higher one.

We do not have room here for a more comprehensive presentation of indexes of use of other materials, which also illustrate the scale of the possible progress. We can only state one particularly significant fact. The level of use of basic raw materials, materials, fuels and energy in our economy is much higher than in other socialist countries, and the progress in the 1970s has been very modest, while the most recent years have shown a considerable deterioration in this respect. The meaning of this is that potentially our reserves to improve the effectiveness are larger than those of almost all the remaining socialist countries. Our planned level of lower use of the basic industrial raw materials for the 1980s was already reached by most of the socialist countries in the 1970s.

The anticipated measure of improvement in the effective use of material resources seems to be realistic, although it would be very difficult to attain. What would be the consequences of not attaining such a measure of progress in the use effectiveness or material resources? The rate of growth of the economy would simply slow down, we would not fulfill the planned social aims of development, the time required for overcoming the crisis would lengthen. Practically, there is no realistic alternative for the anticipated increase of effectiveness.

How Should They Be Used?

At this point we are reaching the second basic problem: how to implement the stipulated increase of the use effectiveness of material resources? The activities in this respect should be comprehensive and manysided, they should involve all aspects of the national economy. Some directions of the necessary initiatives are indicated in the published documents on the plan's aims. Obviously, those are not all the possible directions of such initiatives, and they are formulated and presented in a rather general way, which is--considering the nature of this document--natural.

It seems that we can define one basic thesis: both the economic policy and the mechanism enabling the national economy to function should consistently take into account the necessity of a substantial rise in the use effectiveness of materials. In the area of economic policy, two directions of activity seem to have a decisive role, namely, restructuring the material production leading to attaining a profitable trend in production's energy-intensiveness and materials-intensiveness, and technical progress of the materials-saving kind, including the speed and scale of its implementation. In the area of the functioning of the national economy, equally important are to take full advantage of the most effective solutions of the economic reform and making periodic corrections and adaptations where necessary, so that the reform's mechanisms would become the basic tools for raising the effectiveness of managing the material factor.

We will point out, therefore, some more specific directions of the possible initiatives. The changes for a less energy-intensive and materials-intensive production structure have mainly long-range character, since such changes are possible over a longer period of time. But also short-term initiatives, which bring quick results, can and should be undertaken. The following characteristic example can be quoted. The GUS communique on the economic situation in the first half of this year reveals that about 46 percent of motor vehicles were not in use mainly because of the shortage of various spare parts. During the same period 18,600 trucks were manufactured. I think that if the materials that had been used to make those trucks were used instead to make spare parts, two or three times more trucks than the number of newly made ones could have been repaired. Many examples of this kind can be given. Under the crisis conditions and in a time of strict raw materials limitations the materials should be used only for the most necessary purposes. Should this be done in a directive way? No! The reform has many tools that can be used to steer production structure: prices, taxes, bank credits, etc.

Long-range activities play a decisive role in the attempts to achieve structural changes. Growth of the output of raw materials and materials to the level of previous years (before the crisis), which in some cases (steel, cement) would not be possible and even unnecessary, cannot be realized by the simple multiplication of their past structure. Such growth should be accompanied by a simultaneous change in this structure, namely, by an increase in production's share of those groups of products and specific assortments which are characterized by advantageous qualitative and utilitarian features.

The next direction of the structural changes should be wider utilization of the domestic raw materials potential, thus assuring the growth of those sectors and subsectors of industry that do not require a foreign-exchange input: this pertains to some branches of the chemical industry, mining industry, wood and paper industry, and food industry.

The tool enabling the implementation of the structural changes should be investment and scientific-technological policy. First of all, preferences should be established for investments and technological-progress projects aiming at raw materials, materials, fuels and energy economy, production of components, semifinished products that would replace imported ones, and finally those involving utilization of secondary raw materials. These preferences could include a priority in obtaining credits for the enterprises engaged in projects of this kind, lowering of the interest rate, a possible participation of the central funds.

Some such preferences are already being implemented, for example, lower interest on funds invested in the utilization of secondary raw materials. I am of the opinion, though, that this problem should be solved in its entirety. As an example, we can state that in France 40 percent of investment outlays connected with fuel and energy savings are financed out of state funds, administered by the fuels and energy economy agency, which is part of the Ministry of Industry (engineer T. Moskalewski has written an interesting story about the specific initiatives in this area in ZYCIE WARSZAWY, No 183, dated 18 August).

A Chance For the Reform

The basic source of growth of the effectiveness of utilization of material resources is technical progress, practical application of thousands of frequently small saving initiatives. The hitherto negligible results of this direction of activities originate in the insufficient motivation of enterprises toward innovations, as well as in a not consistently right choice of research and development aims. In scientific and technical policy, those directions of research and development and application work should be favored which lead to the improvement of the quality of products and materials and to savings in production and use. The preferences should mainly consist in assuring adequate sources of financing (including foreign currency) and creating proper conditions for application of the results of research.

What merits our attention is the fact that in the published variations of plan ideas one of the four directions of scientific research turned out to be the problems of fuels, energy, raw materials and materials economy. The gist of the problem, it seems, lies in a correct formulation of the subject of research and such managing of its application for it to become a real source of materials savings.

The economic reform includes in its premises many potentially more effective mechanisms guiding the activity of enterprises. They are included in the principles of price formulation, in the ways the incentive funds are established and used (developmental and material motivational ones), taxing

system, etc. Some time ago, I wrote in ZYCIE WARSZAWY indicating the possibilities of using the reform's principles to influence the growth of effectiveness of material resources use. So far those are only potential possibilities. The economy's developmental limitations (a situation of substantial imbalance), faulty motivational system and other reasons have until now prevented the surfacing of the strong pressures of those principles of the economic reform that stipulate improvement of the efficiency of management, particularly those utilizing the material factor. This problem would require an in-depth study, based on at least year-long results of the work of enterprises.

While not pursuing any further factors influencing the economy of materials, I would like to voice a view that we need a comprehensive program of action, one that would define in a possible exhaustive manner the ways and means of securing the growth of the effectiveness of the utilization of material resources. The work on such a program is in progress, perhaps even for too long a time, since it is an extremely urgent matter, although not a simple and easy one. Many of the experiences in planning of materials savings cannot be used under the conditions the economy is being managed now. Few solutions and methods, therefore, should be sought which would be fully adjusted to the changed mechanisms of the economic reform.

9644

CSO: 2600/921

POLAND

SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 27 Sep 82 p 7

[Text] Announcement of Exchange Rates Table No 39/82, effective 27 September 1982, by Stanislaw Nieckarz for the president, Polish National Bank, on 27 September 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,751.60 zlotys per 100 rubles is applied.

II. Foreign Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

Exchange Rates Table No 39/82

<u>Country</u>	<u>Curr Symb</u>	<u>Currency</u>	<u>Foreign Exchange</u>		<u>Money</u>		<u>Average</u>
			<u>Purchase</u>	<u>Sales</u>	<u>Purchase</u>	<u>Sales</u>	
			4	5	1	2	6
Saudi Arabia	771	1 rial***	25.12	25.38	--	--	25.25
Australia	781	1 Aust. dollar	82.72	83.56	81.48	84.80	83.14
Austria	786	100 schillings	490.31	495.23	482.91	502.63	492.77
Belgium	791	100 francs	179.42	181.22	176.71	183.93	180.32
Denmark	792	1 kroner	9.73	9.83	9.58	9.98	9.78
Finland	780	1 markka	17.96	18.14	17.69	18.41	18.05
France	793	1 franc	12.17	12.29	11.99	12.47	12.23
Greece	724	100 drachmas	121.97	123.19	105.71	125.03	122.58
Spain	785	100 pesetas	76.41	77.17	75.25	78.33	76.79
Holland	794	1 florin	31.40	31.72	30.93	32.19	31.56
India	543	100 rupees***	895.98	904.98	--	--	900.48
Ireland	782	1 pound***	117.90	119.08	--	--	118.49

[Table continued]

<u>Country</u>	<u>Curr Symb</u>	<u>Currency</u>	<u>Foreign Exchange</u>		<u>Money</u>		<u>Average</u>
			<u>Purchase</u>	<u>Sales</u>	<u>Purchase</u>	<u>Sales</u>	
			4	5	1	2	6
Japan	784	100 yen	32.83	33.17	32.24	33.66	33.00
Yugoslavia	718	100 dinars	178.17	179.97	154.43	182.65	179.07
Canada	788	1 Canad. dollar	70.08	70.78	69.02	71.84	70.43
Kuwait	770	1 dinar***	296.76	299.74	--	--	298.25
Lebanon	752	1 pound	16.66	16.82	16.41	17.07	16.74
Libya	651	1 dinar***	291.55	294.49	--	--	293.02
Luxembourg	790	100 francs	179.42	181.22	176.71	183.93	180.32
Norway	796	1 kroner	12.45	12.57	12.26	12.76	12.51
Portugal	779	100 escudos	98.76	99.76	85.60	101.25	99.26
FRG	795	1 mark	34.46	34.80	33.94	35.32	34.63
United States	787	1 dollar*	86.42	87.28	85.11	88.59	86.85
Switzerland	797	1 franc	40.35	40.75	39.74	41.36	40.55
Sweden	798	1 kroner	13.85	13.99	13.64	14.20	13.92
Turkey	627	100 pounds	52.85	53.39	45.81	54.18	53.12
Great Britain	789	1 pound**	147.62	149.10	145.39	151.33	148.36
Italy	799	100 lira	6.12	6.18	5.31	6.27	6.15

*Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

**Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

CSO: 2600/23

EXPORT EXPANSION IMPASSE DISCUSSED

Warsaw POLITIKA in Polish No 27, 21 Aug 82 Suppl p 18

[Article by Stanislaw Gruzewski: "A System Needed, Not a List;" passages enclosed in slantlines printed in boldface]

[Text] /One of the most serious symptoms of disease in our economy is its chronic inability to expand exports. This phenomenon is not new. It has been persistent virtually throughout the entire period since the end of World War II. We have achieved great progress in industrialization of the country, we have developed the large-scale production of many modern products. But nonetheless, we have not been able to resolve the problem of exports. Poland's share of world exports in 1980 was only 0.85 percent, that is, more or less the same as it was in 1938.

With the exception of few industrial branches such as, e.g., ships, railroad, cars, textile machinery, construction machines and aviation equipment, /a pronounced majority of industry works mainly for domestic market demand./ For an overwhelming majority of enterprises, export never was and is still not the fundamental task of production, not to mention the fact that it never was the driving force behind their development.

Priority for Raw Materials

Such an orientation on the part of our industry results from the concept for economic development that was adopted immediately after the war's end and subsequently implemented by each of the successive government teams. /This concept was reduced chiefly to supporting the development of highly capital-intensive industries for raw materials./ Thus, firstly the greatest effort was directed toward an increase in the extraction of hard coal, next, mining of sulfur was added, and lastly, the green light was given to the copper industry. This in and by itself would not have been a disaster if the increase in the extraction of raw materials had been followed by the development of manufacturing industry and the export of its products. Unfortunately, that did not happen. The entire investment effort was actually limited to initial phases of production. Instead of specializing in the export of industrial products manufactured on the basis of domestic raw materials, we became the great exporter of hard coal, sulfur and copper and captured the leading positions on the world list. Furthermore, no conclusions were derived from

the misfortunes connected with the conjunctural fluctuations in world markets. You only need to recall the history of the 1950's, when coal dominated our exports to capitalist countries. As long as the coal situation lasted on world markets, economic leadership in the country did not think about any alternative solution beyond the increase from year to year in the extraction of this raw material and the expansion of its exports. In the meantime, at the turn of 1956/1957, a fundamental change took place in the external situation. After a bluntly phenomenal price increase due to the war in the Near East and to the blockade of the Suez Canal, a sudden price collapse occurred. The Polish economy felt this very keenly. For the first time since the war, reduction in our exports occurred--it was impossible to fill with anything the vacuum left by coal. However, no appropriate conclusions were drawn from this fact.

Timid Tests for Change

While not neglecting further development of coal mining and by undertaking new, large investments in the sulfur industry, consideration of other solutions has also been initiated. As a result of such considerations, initial attempts have been made to switch the manufacturing industry to pro-export development. In the first place, several industrial enterprises with a considerable share in the production for exports have been identified and given the status of enterprises specializing in exports. This was connected with facilitations in various fields as well as with material incentives for the labor workforce. Emerging in this manner the club of exporters has been gradually expanding. At the end of the 1960's, it included over 100 enterprises representing the vanguard of the Polish manufacturing industry.

/In the mid-1960's, after a special Plenum of the PZPR Central Committee that was devoted to foreign trade, further steps were taken that aimed to include in the specialization for exports not only a few selected enterprises, but also entire branches of the manufacturing industry./ Work was conducted in all significant industrial-type ministries. As a result of these efforts, a list of industrial branches which were to be switched to pro-export development was prepared. Also, a draft for a government resolution which would provide the indispensable conditions for the realization of such a measure was prepared. /Unfortunately, due to a lack of results, neither the government's resolution nor the list of industrial branches which are to specialize in the production for export have never seen the light of day. All came to an end in the draft/, despite the fact that no one either changed or cancelled the PZPR Central Committee's resolution. The upshot was that the development of Polish industry continued to follow the old, well trodden road. From year to year, diversification of production was expanded, but the series production quantity was only slightly extended. A significant role in the implementation of this kind of policy was played also by the concept supported at that time by the highest factors concerning the development of anti-import production. All of this led to a diffusion of efforts and means and, in a large measure, made it difficult to concentrate attention on the development of production for exports that, as it is well known, always was and is more difficult for producers than output for the country.

/The 1970's brought little change to the pro-export development of the economy./ Not only investment outlays for the development of mining industries were increased, but also there had begun a large-scale expansion of productive capacity in the metallurgical, electro-mechanical, chemical, light, food and other industries, and attention in the latter was concentrated mainly on final products. By contrast, the development of a production base for semi-manufactured goods and for co-produced elements was grossly neglected. The result was an enormous increase of materials and co-produced imports from capitalist countries, and thereby, a considerable dependency on supplies from abroad on the part of our manufacturing industry. The consequences of such a dependency are mostly indicated today, when, due to a shortage of funds for imports, about one-half of our manufacturing industry is not working. But even before the current crisis occurred, and when the industry worked to some degree normally, its pro-export capacity had not improved much. It grew only insignificantly, because the share of production for exports in the total industrial production that amounted to about 13 percent in 1970 increased to 14.9 percent in 1979./ Due to a considerable decline in production during the succeeding years, this indicator has once again decreased significantly. Also, advancement in the export-type specialization of industry was slow. "Of about 3,600 existing industrial enterprises, only 169 enterprises export over one-half of their production, and only in 369 enterprises production for exports amounts to more than 30 percent. These units account for 52 percent of the exports of manufactured goods. Thus, an overwhelming majority of enterprises plays only a slight role in exports."*

There have not been any significant changes in the structure of commodities for export, except for electro-mechanical goods, of which the share in total exports increased from 40.6 percent in 1970 to 43.3 percent in 1980, and products in the food industry, of which the share during the same period of time shrunk from 9.8 percent to 5.5 percent. In the category of electro-mechanical products, a disadvantageous event was to maintain continuously on a high level the exports of machines and of equipment which require a relatively low degree of processing and are thus highly material-intensive and not very cost effective. In the first place, freight cars should be mentioned here; their exports in 1970 amounted to 5,779 cars, in 1975, 6,924 cars and in 1980, 6,745 cars. This represented respectively 37.4 percent, 36.9 percent and 44.3 percent of the total national output. Also, the exports of ships increased rapidly, while concurrently the national merchant marine was aging. This industry's production share of exports in 1970 was 74.3 percent; it increased in 1975 to 92.5 percent and in 1980 it reached almost 93 percent. Moreover, a high share of exports was noted in the production of passenger cars, buses and passenger vehicles. All of these products are characterized by not the most effective use of foreign exchange, and yet their sales abroad were not restrained. On the contrary, such sales increased from year to year. This was the outcome of a peculiar policy. Success was important, the fact that something has been produced or exported, but the price that has been paid for it was less significant. The effects of such a policy are today painfully felt by the entire society.

* The Government Report concerning the state of economy, published by "Trybuna Ludu," Warsaw Jul 81 p 75-76

Profitability Decides

It is necessary to recall all of these mistakes, because this /subject matter emerges on the agenda once again./ I have in mind the efforts on the part of the /Inter-Ministerial Team of Experts, that was established jointly by the chairman of the Planning Commission and by the Minister of Foreign Trade./ In starting the preparation of a new program, it is necessary to take into consideration all proposals from the past. The point of departure ought to be a detailed evaluation of the current state of our industry, its bottlenecks, its internal dependencies, its relations with foreign countries, etc. For example, as I have mentioned earlier, it is common knowledge today that the greatest weakness of Polish industry is the underdevelopment of its materials and co-production base. Without a solution to this problem in the shortest possible time, it is difficult to talk at all about any type of specialization in exports. And how could this be solved? For sure, not with those methods which were commonly applied in the 1970's, that is, through continuous and extremely burdensome, for the economy, imports from capitalist countries, but rather by means of mobilizing such a production at home. In the program which is being prepared, it is necessary to keep this in mind and to create financial opportunities for enterprises that facilitate the implementation of such undertakings. In a similar vein, it is necessary to treat other problems which hinder at present the stimulation of production for exports. In my opinion, /only by means of a systems-type solution/ will it be possible to bring about a gradual change in the industrial situation.

On the other hand, /discussion about which industrial branches or which enterprises ought to specialize in production for exports, and which ought not, is at this time during the implementation of economic reforms a secondary issue./ Besides, Slantline missing / during the elimination of the orders-distribution system, it would be difficult to decree that branch "x" will specialize in exports, and branch "y" will not. The fundamental criterion must be economic advantages flowing from specialization in exports. Anyone, who is able to fulfill this most important condition, ought to be entitled to profit from all privileges and rights which will be created by the standards act being currently prepared. A list of industrial branches and enterprises designated for specialization in the production for exports, could have exclusively a guiding character and express the intentions of the central authorities. Altogether, despite such a difficult economic situation, the fact that the theme of specialization for exports has been renewed, should be acknowledged as a positive sign. One could only wish that this time around the case will be finalized and that, as so many times in the past, a disbelief in anything else than the development of the country's raw materials, will not weigh heavily on it. I mention this deliberately, because not so long ago voices could be heard that coal is the catalyst of the Polish economy. We have this starter today, but coal alone will not save us, because up to now, it could not even halt the decline of industrial output.

9938

CSO: 2600/874

DRAFT LAW ON PLANT PROTECTION

[Editorial Report] Bucharest SCINTEIA in Romanian on 30 September carries on pages 2 and 3 the 7,500-word text of a draft law on "Crops and Forest Protection, and Pesticides Application." The draft law deals with the following topics:

--"General instruction" specifying chemical and biological means of combatting plant disease, pests and weeds;

--"Protection of cultivated crops, hay and pasture fields," stating that each socialist agricultural unit is responsible for properly applying all treatments designed to combat and prevent pests, disease and weeds, and should a unit not do so, such operations may be performed, for a fee, by special "plant protection units;"

--"Protection of hay pasture fields," stipulating that holders of hayfields and grazing land have the obligation to inspect the fields and take protective measures immediately when signs of pests and disease appear;

--"Forest protection," for which the Ministry of Silviculture is responsible, unless the forest belongs to private individuals, municipalities, towns or communes;

--"Plant-sanitary quarantine," which states that "all plants, plant parts, seeds, fruit and any other agricultural or forest products, including those treated physically or chemically, which are to be imported, exported or are in transit through Romania, as well as the means of transportation used, will be subjected to plant-sanitary control," to prevent the spreading of diseases;

--"Production and utilization of pesticides," stipulating quality guarantees and responsibilities;

--"Joint and final instructions," stipulating among other things that "expenses incurred in the process of preventing and combating pests, disease and weeds are covered by the respective agricultural or silvicultural units, producers or land holders, as established by State Council decree."

The draft law has two annexes providing "technical norms" for crops and forest hygiene.

CSO: 2700/5

REPUBLIC FOREIGN TRADE FOR FIRST 7 MONTHS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Sep 82 p 3

[Article by Milorad Urosevic: "Indications of a Noticeable Deterioration"]

[Text] Following a thus far very favorable 73.8 percent coverage of imports by exports for the first six months, the balance after seven months has dropped to 73.4 percent, with a tendency toward a further decline; at the same time, this means an increase in the negative difference that can only be neutralized temporarily through new indebtedness, with the well-known negative consequences in the near future.

In order to comply with the balance of payments and foreign exchange balance positions of the republics and provinces, which has been taken to the point of absurdity, we have for years now been tolerating the way in which some sociopolitical communities simply ignore the obligations that they have agreed to accept, import amounts in excess of any normal measure, and create a deficit that is as a rule simply ignored again at the beginning of each subsequent year, when everything begins again. Now that the situation has become very serious for the entire country, unless the due debts of certain sociopolitical communities are repaid, it is precisely the conscientious ones who have respected the obligations they have undertaken and behaved in an economic manner, who have paid the bill through the National Bank of Yugoslavia. Thus, even though the overall data for the first 26 days of August are already known--these, by the way, confirm the statement concerning a deterioration--the details contained in the report from the Federal Institute for Statistics for the first seven months of this year carry a very serious warning.

(See table next page)

Results Achieved in the Period from January to July 1982

<u>area</u>	<u>millions of dinars</u>			<u>export as a percentage of imports</u>
	<u>exports</u>	<u>imports</u>	<u>deficit</u>	
SFRY	238,297	324,270	85,973	73.4
Bosnia-Hercegovina	34,937	44,850	9,913	77.9
Montenegro	4,167	7,078	2,911	58.9
Croatia	53,947	80,858	26,911	66.7
Macedonia	12,242	18,421	6,179	66.5
Slovenia	45,639	54,811	9,172	83.3
Serbia proper	63,038	76,526	13,433	82.4
Kosovo	4,547	5,010	463	90.8
Vojvodina	19,208	24,169	4,961	79.5
Federation	527	12,547	12,020	4.2

percentage share in

<u>area</u>	<u>exports</u>	<u>imports</u>	<u>deficit</u>
SFRY	100.0	100.0	100.0
Bosnia-Hercegovina	14.7	13.8	11.8
Montenegro	1.7	2.2	3.4
Coratia	22.6	24.9	31.3
Macedonia	5.1	5.7	7.1
Slovenia	19.2	16.9	10.6
Serbia proper	26.5	23.6	15.6
Kosovo	1.9	1.5	0.5
Vojvodina	8.1	7.5	5.7
Federation	0.2	3.9	14.0

The data contained in the table are fairly clear and show the results achieved by the republics and provinces. One essential detail, however, should be added to these. These results in fact depend a great deal on the objective possibilities for exports and the social product achieved by the individual republics and provinces.

According to the official data for 1980, calculated in constant 1972 prices, Bosnia-Hercegovina has a 12.1 percent share in the total social product, which is less than its share in both exports and imports, but 0.3 percent more than its share in the negative balance.

Montenegro has a 2.1 percent share in the social product, more than its share in total exports, but less than its share in imports and especially in the foreign trade deficit.

Croatia has a 25.9 percent share in the creation of the country's social product, but it has a 3.3 percent lower share in exports and a 1 percent lower share in imports, while its share in the negative balance is 5.4 percent.

Montenegro provided 5.6 percent of the social product, half a percentage more than its share in exports, a thousandth less than its share in imports, and half a percentage less than its share in the negative difference.

Slovenia's share in the social product is 16.9 percent, 2.3 percent more in exports, the same in imports as in the social product, and 6.3 percent less in the country's negative difference.

Serbia proper provides 25.1 percent of the social product; it has a 1.4 percent greater share in exports, and 1.5 percent lower share in imports, and a 9.5 percent lower share in the negative difference.

Kosovo provides 2 percent of the social product, and has a thousandth lower share in exports, a half percentage lower share in imports, and three fourths less in the country's negative balance.

Vojvodina's share in the social product is 10.3 percent, 2.2 percent more than its share in exports, 2.8 percent more than its share in imports, and 4.6 percent more than its share in the country's negative balance in foreign trade.

All of these republic and provincial balances and ratios, however, suffer from an anomaly that has already been dragging on for years; its material portion is increasing, but all of those who have been behind this are simply ignoring it. This has to do with the negligible 527 million dinars in exports, but also the 12.537 billion in imports, that are simply ascribed to the Federation, so that its negative difference has already reached 12.02 billion dinars, or 14 percent of the total negative difference for the seven months. Ascribing so many imports to someone who has no means of compensating for them through exports, as is the case here, is really difficult to justify, especially since if this difference were distributed, the share of the individual republics and provinces in the negative difference of the entire economy would be quite different. This would thus be one more reason for them to behave differently and abide by the obligations that they have undertaken.

By eliminating this anomaly, it will be possible to make a more realistic assessment of the effect of the administrative restriction on importing the basic raw materials and semimanufactured products, which is already reducing export production to a level that is insufficient for the pace of the first half of the year to be continued.

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